

HOW TO ORGANISE & CONDUCT AN EXPORT AND IMPORT BUSINESS

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ARITHMETIC", "COMMERCIAL CALCULATIONS, ETC.



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FOREWORD.

HAVING had the opportunity of perusing the proof-sheets of Mr. Osborne's comprehensive work I welcome it as a valuable addition to the limited literature on the subject with which it deals. While there are numerous organisations concerned in the advancement of industry and with the problems involved in productive operations, and while there is no lack of text-books dealing with the technicalities and generalities of this branch of economics, commerce as such is not so largely organised, except, perhaps, through the Chambers of Commerce, and the functions of the merchant have not been treated so exhaustively by modern writers as those pertaining to what is broadly called industry. Yet the profession of the merchant is one of the oldest in the world, and has largely been the means of providing industry with its raw material, especially that derived from sources overseas, and assisting to finance and conduct the shipment abroad of the output of our factories and workshops. Comparatively few manufacturers do an import and export business on their own account. The modern merchant, in the broadest sense of the word, is one whose business is developed on both the import and export side. In effect goods are mainly paid for by goods, though there are cases where merchants operate solely as importers or exporters.

The author of this book has a clear perception of fundamental principles and also of the fact, too often lost sight of that the interests of the merchant and the manufacturer, properly understood, are really interdependent, being united by an economic law of relationship which cannot in the long run be put asunder. At the same time not only the Socialist, but the thoughtful economist, will appreciate the fact that

production, distribution, and exchange are three distinct functions, and must be supplemented by the skilled auxiliary services—banking, shipping, transportation, and many others—which are essential to the proper management of various enterprises and the efficient working of our economic system. The author in explaining in a practical form the wide ramifications of an export and import business has produced a work which should be most helpful to students and business men. What was quaintly written, prior to the present industrial era, in Bacon's "Essay on Empire," regarding the value of the merchant's functions, is still worth noting to-day:—

"For their merchants; they are *vena porta*, and if they flourish not, a Kingdom may have good limbs, but will have empty veins, and nourish little. Taxes and imposts upon them do seldom good to the King's revenue. For that that he wins in the hundred, he loseth in the shire: the particular rates being increased, but the total bulk of trading rather decreased."

CHARLES E. MUSGRAVE, F.C.I.S.

LONDON CHAMBER OF COMMERCE,
May, 1923.

INTRODUCTION.

THERE is a certain fascination in a successful business which trades with the distant markets of the world. In the first place, the nature of the work makes the part of the globe in which you trade feel very familiar. Your correspondence from the native dealers, giving information respecting the customs of their country, the clothes they wear, the things they use, their feelings and opinions, all couched in quaint English, is always interesting. The constant cabling of information respecting the state of their markets, the causes of any sudden depression of trade, and their forecasts of the future, bring their country very near.

Outside the organisation of the business, of which the principles are the same in every firm that makes the most of its resources, there is a method of making contracts, shipping and insuring the goods, drawing bills against shipments, and even in conducting ordinary correspondence, which is peculiar to this class of business.

A man to be successful must have a good knowledge of men and business matters, and this will only be attained after a successful career as a student followed by a practical experience in a merchant's office.

This book is written to help the student to gain an insight into the matters that count. The correspondence, examples and illustrations used throughout the book are taken from a transaction actually carried through successfully. Many documents, as Bills of Exchange, Bills of Lading and Insurance Policies, having been fully considered by the author in "**Modern Business Routine—The Import and Export Trade,**"

have been dealt with here only to show their practical application to the transaction.

It is the hope of the writer that this little effort will prove interesting and instructive, and thus help an embryonic student on his way to becoming a successful business man.

R. O.

16, COPTHALL AVENUE,
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HOW TO ORGANISE AND CONDUCT AN EXPORT AND IMPORT BUSINESS.

CHAPTER I.

THE FOUNDATION OF BUSINESS EFFICIENCY.

The Management.

IN organising a business, one of the first elements to be considered is the "human factor," particularly in the selection of the administrative staff. The Managing Director himself must possess strong physical and intellectual qualities; his main interest must be the welfare of his firm and his employees, so that among his staff he may be trusted for his integrity and right judgment, and his moral influence create an atmosphere of stability in the business. He must be not only a keen business man, but a student of human nature—a psychologist. He must be able to select for any given position an applicant who would, from a point of view of temperament and ability, be capable of accomplishing the duties of the office, and at the same time "fit in" with the other members of the staff who would be obliged to work with him. Although, in these days, in large businesses the manager is not directly concerned with the private life of each member of his staff, yet a conscientious manager with keen perception will readily notice whether any faulty work is due to ill-health or to over-indulgence in some pursuit after business hours. To be a successful business man it is necessary to "train" as in sport, and too much smoking, drinking, dancing, and betting do not lead to business efficiency. A good staff reflects the business efficiency of the manager.

"Example is the best precept," is an old adage; and certainly in handling a number of workpeople it is a good

maxim to make a firm favourite of. An employer makes rules and regulations regarding the conduct and discipline of his firm. Notices are placed in the lifts, corridors, etc., to the effect: "Smoking is strictly forbidden on the firm's premises," "Close the doors quietly," "Silence is requested," and he himself does not make the justest claim of all to their observance by obeying such rules and injunctions. The employer who adopts the attitude of "Do as I say, not as I do," awakens in the minds of his subordinates a feeling of distrust, and loses some moral influence over his staff.

Then there is the employer who is unable to regulate his movements during the day, and for some reason or other cannot deal promptly with his staff's queries, or keep, with any pretence of punctuality, appointments previously made.

Imagine only the waste of time of a queue of waiters caused by the conduct of one who has not yet learned the first of the elementary rules of a business career—"Be punctual." An employer should never be so busy as to be impolite in not keeping his appointments. He should delegate some of his authority. The badly trained and undisciplined employer may imagine that bullying, selfishness, and impoliteness may seem to make him some very important personage, yet it is he whose eyes are closed with thick scales of self-conceit and arrogance. A man who, through unfortunate heredity and lack of training in self-control, plays the part of a bully, may get sullen obedience, but will never get the best out of his employees. The skilful manager does not drive, but leads.

An employer should always make it a practice to receive suggestions from his employees on any point associated with their duties, and make himself available for any interviews they may wish to make.

A quiet, determined man who knows his strength and his weakness, whose judgment is trustworthy and discrimination keen, of whom his staff can say that he is strict in wanting the best results and his orders carried out scrupulously, but is honourable and fair—such is the man to be the successful leader.

CHAPTER II.**BUSINESS POLICY—OFFICE ORGANISATION AND DISCIPLINE.****Business Policy.**

A BUSINESS is renowned for the skill and perfection with which it manufactures and puts on the market a certain article, another for its originality of taste and design, and a third for its excellence in conducting its business affairs. Attention to these qualities has acquired for such firms a wide reputation, and it must be the constant endeavour of the management, by organising their departments and creating new ones, by appointing judicious managers and by carefully selecting their staffs, to maintain the policy of their firms.

Each department consists of several graded employees, its units; and a combination of departments, all inter-related, comprise the firm or business.

The organisation of a business is the arranging of the work in such a manner that, although every department has its own functions to perform, each has also an interdependent existence, its duties being correlated with those of the other departments. The efficiency of the organisation should encourage the progress of the firm, and its value will be ultimately determined by the profits.

Office Organisation.

In this connection, special regard must be paid to administrative economy, in creating new departments as they are required, as well as fixing and enforcing responsibility on the heads of each.

The duties that are closely related should be grouped together, each having its own controller; and the managing director should exercise only a general supervision. The head of a department must be prepared to act on his own initiative with regard to matters appertaining to his own department, and only refer to the manager in exceptional cases, and in matters involving the work of another department.

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The administrative side may be classed under three heads: Secretary, Accountant and Cashier. Of course, this classification cannot be arbitrary, as much depends on the scope of the business and the nature of the work.

The secretary, with his own correspondence clerks and typists, will control the clerical side of the business. If he is a company secretary, he will also have official duties to attend to.

The accountant will control the following sections: Book-keeping, Invoicing, Purchasing, Wages, Estimating, Selling and Publicity. In small businesses, these two offices—secretary and accountant—could be organised under one head.

The cashier will supervise the method of controlling the financial side of the business. He must see that proper vouchers are received for all payments, develop the system of bookkeeping in his department to discover mistakes, leakages, and losses, and control all credits and collection of accounts.

The agents, travellers, branch managers, the productive side of the business, and all matters outside the purely administrative departments, will be under the direct control of the manager.

A merchant business must have, in addition to these departments, a warehouse to keep and show samples of the commodities merchanted, and a packing-room where the samples may be packed for despatch to foreign agents and buyers.

It should be remembered that the duties of each clerk should be clearly defined, and that no deviation from these duties should be allowed except by the authority of his superior. Any work being neglected or indifferently done can then be easily traced to the defaulting clerk.

All clerical work should be checked as soon as possible after it is finished, and it is not advisable to allow two clerks to check each other's work, but rather to make arrangements for A to check B's, B to check C's, and C to check A's, and in this way the risk of collusion is minimised. Also one clerk will become familiar with the work of the other, and besides acting as a safeguard against an error, in the event of illness or abstention from duty of one, the other can carry on the work, and thus there is no delay.

The methods used here will be applicable to large and small

businesses alike. They can be modified or extended to suit the particular needs of the business concerned. They have been tested in the hard school of actual business experience, and they have been found foolproof. The writer has come across many instances where there has been no method in the routine of the business at all; travellers would call at the office and leave verbal instructions for delivery of goods, without leaving a record of the order; no record has been kept of an outward order given verbally or by telephone or telegram, and when the invoice arrived, there was no document to connect it with; customers have been obliged to write to their suppliers for a detailed copy of their purchases because one or two invoices have been mislaid or lost.

Such a chaotic way of conducting a business not only makes extra work and causes much annoyance to the staff, but unfortunately makes extra and unnecessary work for any firm with whom they do business. In fact, they must rely on the honesty and good business methods of their business friends in order to conduct their own clerical affairs with any degree of success.

To summarise:—

Adopt a system suitable to your needs, one that is economical and easy to work. Elaborate systems rarely work successfully, and are invariably uneconomical. Only keep records that are really necessary for the success of your business; each clerk should have his duties well defined; there should be two parties at least to every transaction, and the documents should be signed by the clerks concerned to show their connection with the transaction.

All documents belonging to a transaction should be correlated by means of reference numbers and/or letters, so that any can be traced immediately—*e.g.*, the official order number should be quoted in relative correspondence, advice note, and invoice, and marked on cases.

Office Discipline.

The Staff.—It has been shown that in a well-organised business not only is the work of each department set out in detail, with every individual of that department having his

own allotted duties, but all the departments are correlated. Every employee in such a firm is like a cog in a wheel, or a part of the mechanism of some delicate machinery, and when there is any neglect of duty or incompetent work done, such neglect and incompetency retard the advancement of the person concerned, his department and to a lesser degree the firm that employs him. Of course, the smaller the firm, the more his retarding influence dominates the surroundings of his department.

A firm's success is attributable not only to the favourable position of its building for carrying on its trade, or to the architectural properties or beauty of such building, but also on the way each employee of the firm disciplines himself in habits of punctuality and attention to the details of his duties.

Just as a business to be successful requires careful organisation, so an employee must also regulate his habits that, in so far as he is associated with his firm, he will unconsciously correlate his thoughts and actions with his work.

He enters into an agreement with his employer to give his best endeavours for a certain period of the day, or to make a venture a success, receiving in exchange a certain remuneration or inducement, and although the great majority of employees would scorn to commit a direct theft, a few may be found who would, with an easy conscience, steal a few hours weekly of their employer's time, in taking at first a surreptitious cup of coffee here, and then a cup of tea there, until habits have been formed which will encourage him to take longer intervals.

Or the head of some subordinate department may be slow in commencing work in the morning. He is late in giving his instructions, his clerks are late in settling down to their day's routine, and consequently much valuable time is lost. It does not end at this: bad habits tend to spread, the other clerks become slack and listless in their movements, and the bad influence of this department will retard the progress of other departments linked to it in business activities. Such, in fact, is the price that organisation demands. The loss of time and incompetent work caused at first through the slackness of one employee will undermine the influence and progress of the firm.

CHAPTER III.

OFFICE ACCOMMODATION.

THE duties of a merchant's business are closely and constantly connected with Banking, Insurance, Shipping, Post Office and Cabling organisations. Consequently, in order to economise the time of the clerks and the expense of travelling, the office should be situated in close proximity to these large concerns. It should also be accessible to customers who would find it convenient to "drop in" when they are in the neighbourhood.

The premises should be chosen with due regard to the scope of the present business and to the possibility of extending the premises as the business expands in the future. From a point of view of economy, and to attain efficiency, the offices should be light, well-ventilated and sanitary.

Unfortunately, to-day, in many of the business centres of our large cities, the business man has not available a choice of suitable offices of the size and type necessary, at economic rentals, but the modern demand is for the type mentioned, and these are gradually being supplied.

The offices should be divided into sections to suit the nature and size of the business to be carried on. The manager will want a private room, and the other administrative departments could be separated by means of wooden partitions with glass tops, giving each plenty of space to carry out effectively his duties—*e.g.*, the secretary and his staff; the accountant and his staff; the invoice clerks, whose duty is to render accounts of goods sold by the firm or for work that has been done; the orders clerks, who deal with all orders for goods that have been given; the wages staff, who prepare the wages books for payment by the cashier.

This division of space will tend to effectiveness in the general organisation and neatness of the office. The room for the typists should be entirely closed, if possible, and a rail or counter should prevent any caller from having free access to the office. There should be a sample room large enough to store neatly the many samples received, with counters and tables for them to be examined. The packing-room should be adjacent to the sample room and on the ground floor.

Office Furniture.

With regard to the manner in which the office should be furnished, this depends much upon the state and financial resources of the directors of the business. There are to-day many well-known firms of office furnishers who will give quotations to suit the pockets and tastes of anyone.

The usual pieces of furniture wanted are strongly-made desks for writing purposes, fitted with drawers for private correspondence and papers only; cabinets for all correspondence received; store cupboards where can be arranged neatly the office stationery and utensils; book-racks for works of reference, and modern typewriter cabinets.

Such labour-saving devices as calculating machines, duplicators, phonograph, etc., are only economical when the quantity of the work justifies their use, and by their use the cost of labour is reduced.

Have as the motto in the office—"A place for everything, and everything in its place." Practise economy every time and all the time until a good habit is formed by the staff. It is deplorable to see the deliberate wastage in some offices—using the firm's correspondence paper in place of scribbling pads; using the telephone unnecessarily; paying the expenses of two visits to a customer when one could have been arranged; using the electric light or gas when not really required, and using stamps and stationery for unnecessary replies to correspondence.

CHAPTER IV.

GENERAL OFFICE ROUTINE.

THE secretary or chief clerk will control the organisation of the clerical work of the office. When the incoming mail arrives, each letter is opened by him; a junior clerk then numbers each in order of sequence, and stamps the date of receipt on each by means of a rubber stamp.

ALLAN FORBES, LTD., LONDON.
No.—374.
Rec.—16 July, 1922.
Ans.—16 July, 1922.

The letters should then be entered into the **Correspondence Inwards Book** thus:—

JULY, 1922.

Serial No.	Date.	From whom received.	Brief Particulars.	File where placed.
374	16	R. Briggs & Co.	Giving quotation for enquiry 028 Colombo	31
375	16	W. Forket	Cannot quote for enquiry 016 Rangoon	35
376	16	Jones, Ltd. (telegram)*	Quoting price of 75/- per corgé, quality 1938	83
377	16	Wa Fat & Co.	Asking for samples	62

* All telegrams are entered in red ink.

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The letters are then passed on to the head of the department concerned. If a reply required reference to any past correspondence, contract, etc., this should be at hand.

All replies should bear a reference—e.g., “ D/2/377 ”:—

“ D ” indicating the department,

“ 2 ” indicating the number of letter book,

“ 377 ” indicating the serial number of letter to which a reply is given.

All outgoing letters should be checked by the person who dictated the correspondence to the typist, and signed by a responsible official before they are sealed. Any enclosures should be separately noted.

When a reply has been given to each letter requiring one, the original letter is filed away, together with a carbon copy of the reply.

In replying to foreign correspondents, it is the custom to make two carbon copies of each letter—the top or original is sent to the customer by the outgoing mail, and the second, marked “ Copy,” is forwarded by the next mail, and the bottom copy is retained in the office. When letters are not definitely finished with, they should be placed in a separate box on the desk or dropped in the pocket of an expanding alphabet case under the relative index letter. This practice will prevent their being overlooked.

A junior clerk will then enter the letters, telegrams, parcels, etc., in the **Correspondence Outwards Book**.

Our Refer- ence No.	Date.	To whom Addressed.	File No.	Postage.			Telegrams.			Parcels.		
				£	s.	d.	£	s.	d.	£	s.	d.
395	24	H. Marsland (sample)	64			2						
398	24	Mohamed & Co. (cable)	71				10					
399	24	Leigh & Co.	25			4				1	6	

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The clerk will obtain from the cashier each Monday morning a sum of money, against his voucher, sufficient for the needs of the week. This money should be deposited in a strongly made Petty Cash Box, which should be locked in some drawer. It would be advisable to make some arrangement that no payments be made out of Petty Cash Account over a certain amount, say £1, except by cheque. In all cases a voucher should be received for all payments. The following ruling is suggested as being of general use:—

Amount received weekly from cashier £10.

Expenses for week ended *September 12, 192* :

[illegible]

At the end of the week the clerk will total the various columns, and on the Monday morning he will attend at the cashier's office with his Petty Cash Book, Box and vouchers. These will be checked, and the contents of the box counted. He will then receive from the cashier an amount of money equal to the amount he has expended for the week, thereby commencing the week with the usual £10.

Telephone Book.

/ It is essential that a record be kept in the general office each time the telephone is used for outside calls/

Date	Hour	Telephone No.	Result of Call.	Message.

These particulars can be entered in the book as the call is being made. The result of the call can be quickly indicated by writing a " 1 " if through, and a " 0 " if not. The number of " through " calls can be totalled at the end of the month and quarter, and will act as a check on the statement issued quarterly by the telephone authority.

/ It is essential that important messages received and sent by means of the telephone be confirmed by letter immediately by either the receiver or sender of the message.

A record should also be kept of all telephonic messages received, if the official called up is not available at the time. These should be handed to him for attention immediately he arrives. /

Date	Hour.	Telephone No of Caller	Message.

Telegraphic Address.

For reasons of economy, and also to expedite the sending of telegraphic messages, it is an advantage to register at the Central Telegraph Office, E.C. 1, an abbreviated address.

The following are the instructions relating to this registration, taken from the G.P.O. Guide:—

REGISTERED ABBREVIATED ADDRESSES.

Any person may register an abbreviated or arbitrary address on payment of a registration fee of £1 1s. a year, dating from the day of registration. The address must consist of two words, one of which is to be the name of the town or place of delivery; the other must be a dictionary word, containing not more than ten letters. In London an additional word indicating the appropriate Delivery Office is inserted between the registered abbreviation and the word London, without extra charge for registration or inland transmission. Telegrams intended to be delivered to the care of a person who has registered an abbreviated address must have "care of" or "c/o" written before the abbreviated address, thus: "Smith, care of Hercules, Liverpool." The symbol c/o counts as one word. Abbreviated addresses should be written with great clearness.

Abbreviated addresses registered for telegrams should not be used for letters.

Arrangements should also be made with your agent abroad, and one of the Telegraph Companies here, to register a telegraphic address for cabling purposes, at the same time nominating the codes that will be used.

THE EASTERN TELEGRAPH COMPANY, LIMITED.

TELEPHONE NO.:
3632, LONDON WALL.
(4 Lines.)

TELEGRAPHIC ADDRESS:
"SIGNALLY, AVE, LONDON."

DEPARTMENT FOR REGISTRATION
OF ABBREVIATED ADDRESSES:
ROOM 18, ELECTRA HOUSE.

SUPERINTENDENT'S OFFICE,
CENTRAL CABLE STATION,
ELECTRA HOUSE, FINSBURY PAVEMENT,
LONDON, E.C. 2.

September 6, 1922.

Memorandum.

MESSRS. ALLAN FORBES, LTD.,
LONDON, E.C. 2.

DEAR SIR,

We are in receipt of your letter of the 2nd inst., and, as desired, we shall be pleased to register the abbreviated address "ALLANMOHAM," if you will kindly sign and return the enclosed form.

It will be necessary for Messrs. J. R. A. Mohamed & Co. to register the word with the Telegraph Authorities at Colombo before it can be used in outward telegrams to them.

Yours faithfully,
For the Managing Director,

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THE EASTERN TELEGRAPH COMPANY, LIMITED.

TELEPHONE NO.:
3632, LONDON WALL.
(4 Lines.)

TELEGRAPHIC ADDRESS:
SIGNALLY, AVE, LONDON."

DEPARTMENT FOR REGISTRATION
OF ABBREVIATED ADDRESSES:
ROOM 21, ELECTRA HOUSE.

SUPERINTENDENT'S OFFICE,

CENTRAL CABLE STATION,

ELECTRA HOUSE, FINSBURY PAVEMENT,
LONDON, E.C. 2.

September 8, 1922.

MESSRS. ALLAN FORBES, LTD.,
LONDON, E.C. 2.

DEAR SIRs,

In accordance with your request of the 6th inst., I beg to inform you that we have registered "ALLANMOHAM, LONDON," as your telegraphic address, upon the understanding that this arrangement is entirely at your risk, and that our obligations are in no respect different from those under the conditions endorsed upon our message forms.

This registration will remain in force for one year from the present date, but should no use be made of the address during that period, or any subsequent twelve consecutive months, it will be cancelled, unless good reason to the contrary be given in writing, within three months of the date of our enquiry respecting it.

It is clearly understood that this abbreviated address has been registered solely for telegrams to you.

Yours faithfully,
A. B.

Stationery.

For foreign correspondence, the letter paper ought to be light in weight and strong in texture. The printing should be neat, well balanced, and distinctive in appearance—the name and address of the firm in bold plain type; names of Directors, if necessary; telephone numbers, telegraphic address, codes used, and cable address. The departments should be distinguished thus:—Secretary's office, Finance, Shipping, etc.

All correspondents of the firm should understand from the outset that "all communications must be addressed to the Company and not to individuals," and "quotations for goods are made without engagement and subject to being unsold."

A letter should be so worded that it expresses just what is wanted and no more—not too verbose to weary, nor too curt to be impolite. A well-phrased letter always attracts.

With respect to the typing of the letter, it is well to insist upon a high standard of work being maintained, and to return any work if it is not well typed and spaced, or shows in any way carelessness or lack of attention in its execution.

CHAPTER V.

THE FUNCTIONS OF THE MANUFACTURER OR THE PRODUCER AND THE MERCHANT : DISTRIBUTION—TRADE MARKS—COMMENCING BUSINESS.**Distribution.**

IN many branches of industry, the productive and distributing sides are wide apart, both in organisation and function:

The manufacturer mainly concerns himself with getting a sufficient supply of the raw or crude material essential to the needs of his works, in equipping his factory with modern machinery and plant, in employing skilled labour to manufacture his goods from such raw material, and in watching closely the output and quality of his goods. The manner of distribution he generally leaves to the merchant or retailer. In some classes of goods there is only one, the retailer, but generally there are two, three, or even four middlemen engaged in distributing the goods from the factory to the ultimate buyers or consumers. The more middlemen engaged, the more the price of the goods is increased to the consumer.

In many lines of business, the present-day cry is to put the goods into the consumer's hands as cheaply as possible, and one of the means of doing this is to eliminate the middleman and pass a share of his profits on to the consumer by making a corresponding reduction in the price.

Such elimination is only possible in the case of distributing types of goods where the distribution is local in character, and where questions of intricate finance, insurance, transport to distant countries, and other complicated matters, do not arise. Many factories are organised only to produce the goods, and the placing of these goods in foreign markets requires qualities, experience and organisation of which the average manufacturers are not possessed.

It is on the distributing side that the merchant is indispensable. Through his agents in distant countries, he is able to gauge the needs of his foreign customers. Through years of trading experience, he understands their temperament and

their methods of dealing; he is familiar with the language and trading customs of the country where he sends the goods; he knows the type of goods suitable for the climate of the country, and the customs and habits of its people. He organises his business on this side so that matters of finance, insurance and transport may be carried out successfully and expeditiously. In many cases the merchant is able to advise the producer regarding the quality, texture, pattern and size of the goods he can sell. He is thus able to increase trade; although it should be remembered that the merchant's chief aim is to supply a market and not to create one.

It is sometimes argued that this acute division of labour and responsibility, between the manufacturer or producer and distributor, does not tend to increase the general trade of the country under modern conditions of international trading. The producer, by thus concentrating solely on the manufacturing side, has no knowledge of the principles underlying the distributing side, and he has left, in consequence, the selling of his goods entirely in the hands of the merchant. The merchant wants the goods at rock-bottom prices, of course, and not only does he keep the producer ignorant of the particulars of any transaction, but he does his utmost to prevent him from getting into direct touch with the customers in the overseas markets without his sanction.

Perhaps if the manufacturers and merchants combined their interests, they would together not be satisfied with simply fulfilling contracts given by foreign buyers in some overseas markets, but a plan of campaign could be devised to place their goods at competitive prices in all foreign markets.

This combination would be more effective in persuading the Transport Companies to give them quicker and cheaper transport facilities, and the Legislature, Banking, and Insurance Companies to give their efforts to improve the trade of the country not only a sympathetic consideration, but mutual practical assistance.

Chambers of Commerce or Houses of Commerce should be established in every trading centre of the country, where up-to-date particulars can be ascertained at once regarding such as the following: the minimum charges by rail, canal or motor, between the factory and the chief ports of the United Kingdom; the charges incurred in placing goods F.O.B. in

United Kingdom ports; ocean freights; foreign tariffs and changes in tariff regulations; foreign legislature affecting trade; information *re* foreign invoices, specifications, Customs regulations, etc.; up-to-date samples of goods wanted in the various overseas markets, as well as samples of goods of competitors in the market; Consular reports concerning the trade prospects, etc., of the overseas markets, which would concern particularly the industry represented by the House or Chamber of Commerce.

Trade Marks.

The merchant in many instances sells goods under his own trade mark; consequently the goodwill of the mark belongs to him and not to the manufacturer who makes the branded goods, and he is in a position to place his orders with whom and where he chooses.

It is always advisable for the manufacturer himself to brand his own goods, when he can, and register his own trade mark. He should let the world know that he makes and sells them, and that he is proud of them, and as the reputation of the goods and the firm increases, so he increases the value of his own goodwill. It frequently happens that a merchant receives indents for branded goods from his customers, which he is obliged to pass on to the manufacturer named in the indent or run the risk of offending the customer by trying to sell him some substitute. A manufacturer who brands his goods is, then, in the happy position of knowing that, whatever happens, all orders for his goods must eventually pass through his order department.

Commencing Business.

In attempting to enter upon the export field, the exporter must proceed very cautiously, otherwise he will have cause to regret much useless expenditure in time and labour.

It is little use trying to push goods into a foreign market and advertise trading abilities by making a generous distribution of trade literature by post, especially if such are delivered to people unknown to them. These trade lists and catalogues are usually printed in the English language, and the weights, measures and coinage used are those in use in the United Kingdom. The foreign buyer, on receiving this

mail, is probably unable to understand thoroughly the language, and as it more than likely concerns some goods he does not want, he is not interested. A more intelligent method is to induce a possible customer to make an application of some kind. This may be done by personal recommendation, by finding out the nature of the goods wanted, and then showing him that his wants can be satisfied. One should try to understand the customer first, and then endeavour to ascertain his requirements. If he wants trade lists written in his own language, weights and measures in use in his own country, and prices of goods expressed in his own coinage, his wishes should be met as far as possible. Then, again, the merchant must not try to force goods upon him. The foreign buyer understands exactly the needs of his markets and the type of goods he can sell. If he wants cloth of a certain width and quality with a certain pattern, he will not welcome any other. There are always other dealers anxious to have the opportunity to make up goods like his samples and at a fair trading price. By means of attractive catalogues, neatly mounted patterns, a good assortment of samples with price lists showing competitive prices, it is possible to give him entire satisfaction. The influence of a satisfied customer is unlimited, and his recommendations will probably increase the business.

It is not advisable to try to sell to everybody at first, but rather to find out the best markets where your goods can be placed, and when these markets have been conquered to devote your energies to other fields. It does not follow that because your type of goods is already sold in a market, there is no room for yours. Competition stimulates trade and makes a declining market into a rising one. If you are choosing a market for your goods, choose a rising one rather than one on the decline, because in a rising market new businesses arise, custom increases, there will be a steady demand for goods, and thus a field in which you can compete. Our well-equipped Chambers of Commerce and the Commercial Intelligence Department of the Board of Trade give all information respecting opportunities for traders in different parts of the world.

Of course, the best and most reliable way of opening up and increasing business in a foreign country is to send out

one of the principals of the firm to pay a business visit. In this way he would become personally acquainted with the customers, and these personal relations are factors of great importance in business. This is rather an expensive way of obtaining business; but if, say, half a dozen non-competitive firms pooled the expenses and sent a suitable man—one with a good trading knowledge of the goods he represented; familiar with general business principles, shipping, finance, banking, the language and customs of the country; with wide outlook and capable of distinguishing himself in any class of society—such a missionary, by visiting all the chief towns and trading centres, by making himself acquainted with the chief distributing houses and their wants, by noting the best methods of clearing goods through the Customs, by examining their postage and transport regulations, by noting how the goods should be packed and marked for shipment, and how the goods were warehoused and displayed for sale in the bazaars, would amply repay the outlay involved. He would find out by visiting the people themselves the quality, make, shape and size of the hardware, implements and goods they use, and why the climate, the soil, the water and the means of transport determine their selection of a certain type.

Such a man, after having had experience of this personal nature, on his return is able to give valuable information and advice to the principals of the firms he represented concerning the nature of the goods wanted, how to display patterns of such goods to the best advantage, how to pack and export with a view to clearance through the foreign Customs, how to transport, perhaps up-country, how to place on the market only the type of goods wanted under the best and cheapest conditions, and thus be able to advise how to compete with foreign competitors economically and successfully.

The following correspondence relating to—

- (i.) Opening up negotiations;
- (ii.) Forwarding samples;
- (iii.) Addressing inquiries for cotton goods and hardware;
- (iv.) Fixing quotations and arranging for division of profits—

is self-explanatory.

All the correspondence has not been given, as it would make the chapter too unwieldy and the reading tedious, but just sufficient is given to enable the reader to understand the routine.

Nature of Goods.—Cottons and hardware, etc., for Colombo market.

Merchants, Exporters and Importers.—Allan Forbes, Ltd., London, E.C. 2.

Buyer at Colombo.—J. R. A. Mohamed and Co.

When the business has grown to large proportions, many British firms establish their own agencies in overseas markets. They are therefore in a favourable position to compete successfully with foreign rivals, to enlarge their sphere of operations and to have their interests safeguarded in every direction. Having their own warehouses, they are able to stock a quantity of the lines usually in demand, especially those which are more or less unchangeable in type and do not rely upon the whims of fashion.

All Communications must be addressed to the Company.

TELEPHONE: CITY, 3784.
TELEGRAPH: ALLFORCOY, LONDON.
CODE: BENTLEY'S AND PRIVATE.

ALLAN FORBES, LTD.,
LONDON, E.C. 2.
May 23, 1922.

A.F. 229.

MESSRS. J. R. A. MOHAMED & Co.,
COLOMBO.

DEAR SIRS,

Your name has been given to us by one of the members of our staff, who has been doing business with you for many years, on behalf of a London firm of Merchants.

We are now doing a large Export trade in cotton and woollen piece goods, and would be glad to know whether you could give us your business in this class of goods. We, on our part, would be only too pleased to keep you well supplied with samples of qualities, suitable for your market.

We are in a favourable position to do a big business in textiles, and are personally known to all the most reliable manufacturers in Lancashire and Yorkshire, and owing to our expenses being kept within reasonable limits, and our organisation based on up-to-date principles, we shall be able to buy on your account, at a very reasonable margin of profit. We would conduct our business on the usual terms—namely:

Quotations.—Cost, Insurance, Freight, Commission, Drafts 30/60 days. We to share half profits.

If you consider our application favourably, we shall be glad to receive from you indications of the present requirements of your market, so that we can get our manufacturers to make exact counter samples.

Awaiting the favour of an early reply, and trusting that good business will result to our mutual benefit.

Yours faithfully,

For and on behalf of the above Co., Ltd.,

A. F.

ii. a.

ALLAN FORBES, LTD.,

LONDON, E.C. 2.

July 14, 1922.

C. 421.

MESSRS. J. R. A. MOHAMED & Co.,
COLOMBO.

DEAR SIRS,

We confirm our letter to you dated 23rd May, and now have to own receipt of your two valued favours of 22nd June under numbers 1 and 2, for which we thank you.

Cotton Goods.—We are glad to note that you can see your way to give us a share of your business in these particular lines, and as we know well the qualities and styles that you used to buy on account of Messrs. A. B., C. & Co, we see no reason why we should not eventually work up a satisfactory and profitable business to all concerned.

We are sending you this mail a small collection of samples of Sarongs, Comboys, Cotton Tweeds, Zephyrs, Stripe Shirtings, etc., which we would commend to your usual attention.

In connection with the other classes of cotton goods you are interested in, we are obtaining samples and will let you have same with as little delay as possible.

Hardware and Sundries.—We note that you are interested in these, and we might add that we can also quote you on very advantageous terms.

Yours faithfully,

For ALLAN FORBES, LTD.,

A. F. (*Director*).

ii. b

ALLAN FORBES, LTD.,

LONDON, E.C. 2.

July 21, 1922

C. 481.

MESSRS. J. R. A. MOHAMED & Co.,
COLOMBO.

DEAR SIRS,

We confirm our last advices to you of the 14th inst., and are without any of yours to acknowledge.

By this week's mail we have sent you a range of samples of White Shirtings under reference 1001, against which we should be glad to have your report.

22 HOW TO ORGANISE/AND CONDUCT AN

These samples are qualities regularly shipped to A., B., C. & Co., &.... no doubt you will recognise same.

We enclose herewith to-day's quotations for the usual qualities of cotton.. shipped to your market, and we shall be glad to receive your inquiries in due course.

Yours faithfully,
For ALLAN FORBES, LTD.,
A. F. (*Director*).

ALLAN FORBES, LTD.,
LONDON, E.C. 2.

July 21, 1922.

Reference No. 1001.

MESSRS. J. R. A. MOHAMED & Co.,
COLOMBO.

PRICE LIST.

Code No.	Quality No.	Width.	Length. yds.	Goods.	Price.
4015	ooooo	42"	40	White Shirts	35/- per piece
4016	vvvvv	42"	40	Ditto	34/6 „

Quality ooooo. 10 cases stock, 5 piece parcels, 50 piece cases.

Quality vvvvv. 4 cases stock, 5 piece parcels, 50 piece cases.

C. I. F. C.

iii.

All Communications must be addressed to the Company and not to Individuals

J. R. A. MOHAMED & CO.,
Import and Export Merchants and Agents.

COLOMBO (CEYLON),
August 3, 1922.

MESSRS ALLAN FORBES, LTD.,
LONDON.



DEAR SIRS,

We have just received with thanks your esteemed favour of the 14th ulto., with a private letter to our Principal enclosed, when we were about to close the mail, and therefore have only time for a few lines.

We are glad to have the information we were in quest of as regards the member who introduced us to your good selves. We guessed, and we did correctly, too, that the member cannot be any other than one connected with Messrs. T. E., Ltd. This coincidence is a good augury and means much for mutually prosperous trade relations between our firms.

We are pleased to learn that you are sending us a collection of samples, which, on arrival, we hope will appeal to our customers and result in business.

We shall be addressing several inquiries for Cotton goods and hardware, etc., by next mail, and we trust you will be in a position to send us counter samples and quote workable C i f c. prices.

We shall write to you fully by next mail

Yours faithfully,

J. R. A. M.

IV

All Communications must be addressed to the Company and not to Individuals.

J. R. A. MOHAMED & CO.,
Import and Export Merchants and Agents,

COLOMBO (CEYLON),
August 10, 1922.

MESSRS ALLAN FORBES, LTD.,
LONDON.



DEAR SIRs,

We are in receipt of your favour of the 14th ulto

We note what you say with regards Hardware and Sundries. We shall be obliged if you will in future embody all that is relating to Hardware and Sundries in separate letters to our 'B' Department to facilitate business.

Quotations.—All your C i f c. prices should include a return commission of 2½ or 5% for division for Hardware and Sundries, but on first cost orders we can only make 3% for division, which kindly note

By this opportunity we are handing you a few Proforma Indents for different articles, which we use to buy largely through G. H. & Co., and we shall be glad to receive your lowest current quotations C i f c. Colombo. Some of the indents call for cable report but you may cable or report by mail as you please.

Code.—If you have any private code in use, kindly send us a copy with full instructions. We can save much cable expense. Meantime, we shall use Bentley's complete Phrase Code

Yours faithfully,

For J. R. A. MOHAMED & Co.,

J. R. A. M.

CHAPTER VI.

INDENTS AND QUOTATIONS.

MANUFACTURER'S PRICE LISTS.	MERCHANT'S INVOICES.
MERCHANT'S ORDER SHEETS.	ORDERS BOOKED.
SHIPPING INSTRUCTIONS.	STATEMENT FROM MANUFACTURERS
MANUFACTURER'S INVOICES.	CHEQUE TO MANUFACTURERS.
SALE NOTE TO BUYER.	SPECIFICATION.

WHEN a native dealer wishes to buy certain goods in his market, he visits one of the big importing houses and states his requirements. He makes out his order, giving full particulars of the quantity and quality of the goods he wants, the marks, the manner and date of shipment, and the method of payment. These particulars are then copied on a numbered indent by the importing house, and when signed by the indenter, as he is termed, the original, or a copy of it, is forwarded to the London merchant and exporter. The following indent is called an "open" indent because the buying of the goods and arranging of the price is left to the London merchant. Sometimes the brand of goods is specified, and also the name of the firm from whom the goods can be obtained. As the price of these branded goods is usually known and fixed, it is only necessary to ascertain whether they are in stock and when delivery can be made. Such indents are known as "closed" indents.

These indents, as they are received, are bound together under a strong cover placed in numerical order with a blank foolscap page between each.

The results of the applications to the various manufacturers or suppliers should be noted on the blank page opposite its relative indent. How the order is proceeding towards completion can thus be seen at a glance at any time, *e.g.* :—

0/5 WHITE SHIRTINGS.

- 5/8/22 A.B. & Co., of Manchester, cannot quote as this quality is already engaged for Colombo.
- 27/8/22 Leigh & Co., Manchester, quote 10 cases (1001) @ 29/4, and 4 cases (1002) @ 27/4 less 3%, shipment at once as goods are in stock.
- 2/9/22 Accepted Leigh & Co., of 27/8/22.

It is essential that the merchant impress upon his own staff the importance of being exact in giving instructions to the manufacturers and all concerned with the transaction, and upon the manufacturers the necessity of conforming strictly to the terms in executing the order, and obeying implicitly the conditions regarding stamping, colour and width, and guaranteeing that the bulk of the order is exactly like the sample in every detail. If a mistake is made in executing an order in the home trade, it is not such a difficult matter to rectify and adjust, but when goods are despatched to the other end of the globe, and a fault is discovered on their arrival, not only is there serious delay and additional expense, in postage and cabling, but the buyer may refuse to accept, and what is more serious, perhaps, in consequence of the annoyance, further indents are passed on to other people for proper execution.

Some firms receive orders, not because their goods are better in quality or because their price is the lowest, but simply because they are particularly careful themselves in the execution of all their orders and have been able to impress all concerned—producers, shippers and Bankers—with the same sense of responsibility.

It is always advisable that the buyer, when he can, should give the manufacturer plenty of time to make his quotations and execute his orders. Urgent orders rushed through at very short notice rarely please everybody, and tend to dislocate the usual routine of business, and cause mistakes to be made.

The merchant, having received what he considers to be the best quotation for the inquiry, should cable out such a price as will return the agreed percentage of profit to both parties, and also allow a good margin for expenses and charges. It is a very rare occurrence that he gets the price he first quotes, so, in dealing in the Eastern markets in particular, it will be advisable to quote a price that will permit of a little further reduction—of course, consistent with the fact that the price quoted is a marketable one.

1. Indent.

Indent No. 005.

COLOMBO, 8th August, 1922.

To MESSRS. ALLAN FORBES, LTD.,
LONDON.

From DAWOOD, KAREEN & Co.,
COLOMBO.

Through "the case of need" MESSRS. J. R. A. MOHAMED & Co., COLOMBO

DEAR SIRs,

1. I/We hereby request and authorise you to supply, or purchase and ship, or make and ship on my/our account and risk the following goods upon the terms and conditions stated below

2. It shall be optional with you to execute the whole or any part of this order.

3. Insurance to be effected at all risks over costs and charges (F.P.A. or W.A.) and the policy is to be made payable in Colombo.

4. For the total amount of invoice, I/we hereby authorise you or any other persons on your behalf to draw upon me/us with shipping documents attached and I/we bind myself/ourselves to accept such draft or drafts on presentation and pay on or before maturity. I/we also agree to pay the usual interest at 6 per cent. per annum (or such other rate as shall be ruling at that time) on such draft or drafts, if drawn in sterling, from the drawing date to the approximate due date of arrival of remittance in Europe.

5. In the event of the goods arriving before the receipt of the draft or drafts or shipping documents I/we hereby agree to take delivery of the goods on a Guarantee according to the well-established mercantile custom, before the relative packages are liable to extra warehouse rent and charges, and after the receipt of the draft or drafts or shipping documents I/we hereby agree to pay for the same.

Should I/we fail, refuse, or neglect, either to accept immediately on presentation or to pay at maturity such draft or drafts, I/we hereby authorise you or Messrs. J. R. A. Mohamed & Co. to dispose of the documents or the relative goods either by private sale or public auction on my/our account and risk, and I/we hereby bind myself/ourselves to make good any deficiency or loss arising from such sale or auction, including all incidental expenses and interest at the current rate, waiving all claims to any advantage thereon. And further I/we hereby agree to accept the account sale as correct, and that the same may be used in any Court or Courts and institute action against me/us without further proof.

6. Should the goods be late owing to any cause whatsoever, or under Fire, Strikes, Lock-out, or any other accidents in the Factories, as well as to Bankruptcy, failure or dissolution of business of the Manufacturers, Suppliers or agents, or failed to supply, I/we agree not to hold you liable for any damage or loss or profits, but I/we shall have the option of accepting

the goods or of extending the time of shipment, Date of Bills of Lading to count as date of shipment.


7. No claims to be entertained till the draft is paid in full. No claims to be allowed in respect of the undermentioned goods, unless made in writing within 15 days from date of arrival of the goods.

8. Where an order stipulates for more than one shipment, each shipment is to be regarded as a separate contract. Should one shipment be in dispute or the failure of one delivery, not to vitiate the contract as to others, an order once placed and confirmed cannot be recalled or cancelled.

9. Any dispute arising under this contract to be settled in the usual manner by referring to one or two European merchants recognised by the Ceylon Chamber of Commerce for arbitration, and his or their decision or that of his or their referee to be considered final and cost of arbitration to be borne by the party in fault. Should I/we refuse, fail, or neglect to submit any dispute to arbitration as aforesaid I/we hereby agree that I/we shall be considered as the party in fault.

10. All goods must bear the name of the Country of Origin (Production) under the Merchandise Marks Act No. 13 of 1888, under Section 38 of the Customs Ordinance No. 7 of 1869 in respect of the goods prohibited to be imported to Ceylon, and any goods supplied in contravention to the said Ordinance the suppliers or shippers will be held responsible for losses sustained.

11. If the goods arrive 15 days earlier or later than the stipulated time I/we hereby agree to accept the goods without any dispute whatever.

Marks.	Buying commission	Terms of Bill.	Draft to be	Shipment in
	to be charged on:		Thirty D/s.	Drawn in
	Invoice,		D/P.	2 lots of
	Nil per cent.			10 cases each lot.
I/we hereby put my/our signature for above conditions.				

Signature, D. K. & Co.

White Shirting: *Quality 240 in every respect as supplied by Messrs. T. E. and Co., Ltd., London.*

Twenty (20) cases, each containing 50 pieces, each 42 inches wide by 40 yards.

Stamping: "Mill," and No. 1,000, with gold headings, etc., as usually supplied to this market.

Shipment: In two lots of 10 cases each lot.

P.S.—Please cable your lowest prices per piece C.i.f.c. Colombo, and state when first delivery can be given.

2. Cable Making Offer.

Copy of Cablegram—

From MESSRS. J. R. A. MOHAMED & Co.,
COLOMBO.

*Sent—25/8/22.**Recd.—26/8/22.*

Natdo .. We offer firm c i f shipment by steamer at once
Cokiz .. Code No
Mihug .. 4000 } 4015 Quality ooooo, Reference 1001, White Shirtings
Leolj .. 15 } 42" x 40 yards Stock 10 cases, each 50 pcs
Alavk .. And
Leovs .. 4016 Quality vvvvv. Reference 1001, White Shirtings, 42"
 x 40 yards Stock 4 cases, each 40 pcs
Sujwo .. 26/- per piece c i f
Sulzo .. 30/- per piece c i f
Jykac .. Market dull with downward tendency.

3. Letter to Manufacturers asking for Quotations.

ALLAN FORBES, LTD.,

LONDON, E.C. 2.

26th August, 1922.

(C. 579)

MESSRS. LEIGH & Co.,
MANCHESTER.

DEAR SIRs,

Referring to your price-list of the 20th July, handing us samples of White Shirtings, we have received a cable from our Colombo friends regarding the two stocks, and if they are available we should be glad to receive your to-day's lowest prices, packed Manchester less 3%: please also let us have approximate case measurements.

The particulars are as follows

10 cases each containing 50 pcs. = 500 pcs., 42" x 40 yds. White Shirtings, quality ooooo.

4 cases each containing 50 pcs. = 200 pcs., 42" x 40 yds. White Shirtings, quality vvvvv.

We should be glad if you will quote us keen prices, as we feel sure that if once we make a start with our friends in these particular qualities, good business will result. We might mention for your information that our customers have included words in their cable to the effect that their market is very dull with a tendency downward.

Yours faithfully,

For ALLAN FORBES, LTD.,
A. F. (Director).

4. Quotation from Manufacturers.

TELEPHONE:

TELEGRAPHIC ADDRESS:

LEIGH & CO.,

MANCHESTER.

27 August, 1922

MESSRS. ALLAN FORBES, LTD.,
LONDON, E.C. 2.

In answer to your inquiry, we beg to quote as follows for

Pieces.	Width.	Length	Reed and Pick	Yarn	Refer- ence No	As Order	Head- ing	Price.	Remarks.
10 c/s 500 pcs.	42"	Yds. 40		White Shirt ings	ooooo			s. d 29/4	Less 3% prompt cash.
4 c/s 200 pcs.	42"	40		White Shirt ings	vvvvv			27/4	

Price based on C.I.F. Colombo Harbour, so no measurements are required
Goods still in stock.

Price based at current rate.

Cannot accept anything less.

Yours faithfully,

per pro. LEIGH & Co.,

A. G.

5. Cable giving Quotation.

Copy of Cablegram sent to—

MESSRS. J. R. A. MOHAMED & Co.,
COLOMBO.

Sent—29/8/22.

Ugugu { Re your telegram of 25th.
 10 cases White Shirts, Quality ooooo.
 4 " " " " " vvvvvv.

Binof Could probably buy.

Sumiz 30/6d. pce. C.I.F.C.

Sumiz 30/6d. pce. C I F.C.

6. Confirming Cable No. 5.

ALLAN FORBES, LTD.,
LONDON, E.C. 2.

1st September, 1922

C. 599.

MESSRS. J. R. A. MOHAMED & Co.,
COLOMBO.

DEAR SIRS,

We confirm our last advices to you dated 25th August, and now have to thank you for your cablegram of the same date making us the following offers

10 cases each containing 50 pcs., 42" x 40 yds., White Shirtings, Quality ooooo, Reference 1001. Price 26/- per piece C.I.F.

4 cases each containing 40 pcs., 42" x 40 yds., White Shirtings, Quality vvvvv, Reference 1001. Price 30/- per piece C.I.F.

Shipments for both at once.

On receipt of your telegram we immediately put ourselves into communication with our Suppliers, and in order to get these two qualities started we can make considerable reductions in our original offers, and we cabled you on the 29th ulto. that we would probably buy 10 cases quality ooooo at 30/6d. per piece C.I.F.C.I., and the 4 cases quality vvvvv at 30/6d. per piece C.I.F.C.I.

As there is very little difference between your original offers and our quotations, we hope that we shall have your cable accepting, in the course of the next few days.

Yours faithfully,

For ALLAN FORBES, LTD.,
A. F. (Director).

7. Cable giving New Quotation.

Copy of Telegram—

From MESSRS. J. R. A. MOHAMED & Co.,
COLOMBO.

Sent—1/9/22.

Recd—2/9/22.

Ugush	..	Re your telegram of 29th	} 10 c/s White Shirtings (ooooo); 4 c/s White Shirtings (vvvvv)
Duft	..	We make you counter offer.	
Sulso	..	30/-.	
Atolv	..	Average.	
Ayven	..	This is the best we can do.	
Aclom	..	Recommend accepting.	
Dayba	..	Telegraph your confirmation.	
Eryza	..	Draw at 30 days.	

The price, quality and terms having been fixed, it is now the duty of the merchant to give instructions for order sheets to be made out for the goods and forwarded to the suppliers.

Merchants generally have their own order sheets printed to suit their own particular trade or requirements.

The following is suitable for the cotton trade for shipment to the Far Eastern Markets. It is essential that the particulars given on the order sheet conform with the relative Indent instructions and the various advices received by letter or cable.

10. Merchant's Order Sheet.

Order 1001.

ALLAN FORBES, LTD.,
LONDON, E.C. 2.
19th Sept., 1922.

Bought of MESSRS. LEIGH & Co.,
MANCHESTER.

10 cases each containing 50 pieces = 500 pieces White Shirtings,
42" x 40 yds.

Quality, finish, etc., exactly in all details as per your pattern ooooo sent us on the 20th July, 1922.

Stamping, etc., exactly as per your pattern ooooo sent us on the 20th July, 1922.

Make-up.—5 piece parcels and packed in strong tin-lined cases of 50 pieces each.

Price 29/4d. per piece.
C.I.F. Colombo, less 3%.

Mark & Nos.



Colombo

C/s 1/10.

Shipment.—At once, by Conference Steamer to COLOMBO.

Terms.—Cash 7 days after receipt of documents.

Documents.—To be made up in duplicate in our name and to order.

Freight Rebate.—For your account.

Shipment Samples.—To be sent us in quadruplicate against each 5 cases made up as usual. Not more than 5 cases to appear on a Bill of Lading.

Insurance.—Policy of Insurance to be made payable in COLOMBO, and to be effected with a first-class British Company for 15% above Invoice value.

Invoices.—To be sent us in triplicate.

Dispute Clause.—In the event of any dispute arising over the execution of this order, same to be settled in the usual manner—i.e., by arbitration of two Europeans nominated by the Colombo Chamber of Commerce, whose decision shall be equally binding on you and us.

FOR ALLAN FORBES, LTD.,
A. F. (Director).

1002.

ALLAN FORBES, LTD.

LONDON, E.C. 2.

19th Sept., 1922.

Bought of MESSRS. LEIGH & Co.,
MANCHESTER.

4 cases each containing 50 pieces = 200 pieces White Shirtings,
42" x 40 yds.

Quality, finish, etc., exactly in all details as per your pattern vvvvv sent us on the 20th July, 1922.

Stamping, etc., exactly as per your pattern vvvvv sent us on the 20th July, 1922.

Make-up.—5 piece parcels and packed in strong tin-lined cases of 50 pieces each.

Price 27/4d. per piece.

C.I.F. COLOMBO, less 3%.

C/s 1/4.

Shipment.—At once, by Conference Steamer to COLOMBO.

Terms.—Cash 7 days after receipt of documents.

Documents.—To be made up in duplicate in our name and to order.

Freight Rebate.—For your account.

Shipment Samples.—To be sent us in quadruplicate made up as usual.

Insurance.—Policy of Insurance to be made payable in COLOMBO, and to be effected with a first-class British Company for 15% above Invoice value.

Invoices.—To be sent us in triplicate.

Dispute Clause.—In the event of any dispute arising over the execution of this order, same to be settled in the usual manner—i.e., by arbitration of two Europeans nominated by the Colombo Chamber of Commerce, whose decision shall be equally binding on you and us.

For ALLAN FORBES, LTD.,

A. F. (Director).

Order & Nos.

D. K.
1002

Colombo.

Shipping Instructions.

Arrangements have been made with Messrs. W. H. and Co.,
Steamship, Insurance and Forwarding Agents, Liverpool,
to attend to any shipments according to written instructions.
The forwarding agents send in weekly a list of steamers, say,
sailing to the Far East. When advice has been received
from the manufacturers that the goods are packed and ready
for shipment, each case being marked and numbered in
accordance with the orders, a suitable steamer is chosen,
and in this case instructions are given to Messrs. Leigh and

Co., Manchester, to forward the goods for shipment per s.s. *Gloucestershire* for Colombo, c/o Messrs. W. H. and Co Liverpool.

Freight Engagement.

Freight is the amount of money paid to the shipowner or his agent, for the use of his ship or a part of her, or it is the sum he pays for the carriage or conveyance of the goods from the port of shipment to the port of destination.

It might be observed here that in this country the cost of conveyance by rail is termed "carriage"; by barge or lighter, "lighterage"; and by cart or van, "cartage."

Messrs. W. H. and Co. fix the steamer and engage freight; they pay all dues and freight charges against a deposit account which has been opened with them.

Freight is calculated according to the nature of the goods shipped, e.g. :—

Per lb., as in the case of wool from Australasia.

Per Package—e.g., cement.

Per Bushel, as in the case of wheat from the United States.

Per Ton Measurement, as on light goods in cases or bales and so much per cubic foot, 40 cubic feet being reckoned as steamer ton. Such goods are known as measurement goods.

Per Ton Weight, as in the case of heavy goods, or goods in bulk, such as steel rails, iron bars, etc. All rates are at shipper's option, whether weight or measurement, whichever is most profitable.

Sometimes brokers will also quote a *lump sum*, as in the case of a locomotive complete, but before quoting they would require a specification of weight and measurement.

Freight is charged on the shipping weight, i.e., on the quantity placed on board, and not on the landing weight, i.e., the weight the vessel turns out, except on a few articles such as wool from Australia, which is usually charged on output weight.

All freights are payable at time of shipment in exchange for bills of lading, but in special cases it can be arranged to make freight payable abroad, and in such cases the shipping company charge an increased rate, usually about 5s. per ton, to recompense them for the loss of interest on the money and the risk of the consignee declining to take delivery.

Freight Calculations.

(a) *Per Ton Weight*.—Nearly all ocean freights are based upon a ton of 20 cwt. or 40 cubic feet.

(b) *Measurement Goods*.—40 cubic feet usually makes a hammer ton.

Freight Receipt.

The shipbroker receipts the freight note when the freight is paid, and it is then termed a freight receipt. This is filed the usual way when received.

Invoices (Inland Trade).

When the manufacturer sends the goods from his factory, according to the merchant's instructions, he sends an invoice. This invoice gives particulars regarding—

- Marks and numbers.
- Quantity and quality of goods.
- How packed.
- Price of piece and total price.
- Gross and net weight of cases.
- Terms of payment.
- Forwarding advice.

Weighing Terms.

The *gross* weight of a delivery of goods is the weight of the goods and in addition the weight of the cases, vessels, sacks, etc., in which the goods are packed. The *tare* weight is the weight of the cases, etc., in which the goods are packed. The weight less the tare weight is the *net* weight.

11. Manufacturer's Invoice.

TELEPHONE NO. .

MANCHESTER,
26th Sept., 1922.

MESSRS. ALLAN FORBES, LTD.,

*Dr. to LEIGH & Co.**Due : 3% Cash, 7 days after receipt of documents.*

C/1001.	1. (3/9, 2/3, 1/7)	£ s.
	White Shirtings, Quality ooooo,	
	50 pcs., 42"/40 yds. @ 29/4d ..	73 6
	Cases 2/5 (3/9, 2/3, 1/7)	
	4 cases as above @ 29/4d. ..	293 6
		£366 13
		3% 11 0
	(5 cases Nos. 1/5.)	£355 13
	Gross Weight 4 . 2 . 20	
	Net Weight 4 . 0 . 8	



Colombo.

Forwarded to Birkenhead for shipment per s.s. *Gloucestershire* to Colombo, c/o W. H. & Co., Liverpool, on your account.

TELEPHONE NO. .

MANCHESTER,
26th Sept., 1922.

MESSRS. ALLAN FORBES, LTD.,

*Dr. to LEIGH & Co.**Due : 3% Cash, 7 days after receipt of documents.*

C/1001.	6. (3/9, 2/3, 1/6)	£ s.
	White Shirtings, Quality ooooo,	
	50 pcs., 42"/40 yds. @ 29/4d. ..	73 6
	Cases 7/9 (3/9, 2/3, 1/6)	
	3 cases as above @ 29/4d. ..	220 0
	Case 10 (3/9, 2/3, 1/7)	
	52 pcs., 42"/40 yds. @ 29/4d. ..	76 5
		£369 12
		3% 11 1
	(5 cases Nos. 6/10.)	£358 10
	Cases 6/9. Case 10.	
	Gross Weight 4 . 2 . 18 4 . 3 . 0	
	Net Weight 4 . 0 . 18 4 . 0 . 26	



Colombo.

Forwarded to Birkenhead for shipment per s.s. *Gloucestershire* to Colombo, c/o W. H. & Co., Ltd., Liverpool, on your account.

TELEPHONE NO.

MANCHESTER,

26th September, 1922.

MESSRS. ALLAN FORBES, LTD.,

Dr. to LEIGH & Co.

Due : 3% Cash, 7 days after receipt of documents.

<div style="border: 1px solid black; padding: 5px; display: inline-block;"> D. K. 1062 </div> Colombo	C/1002.	1. (3/9, 1/3, 2/6)	£ s. d.
		White Shirtings, Quality vvvvv,	
		50 pcs., 42"/40 yds. @ 27/4d. ..	68 6 8
		Cases 2/3 (3/9, 1/3, 2/6)	
		2 cases as above @ 27/4d. ..	136 13 4
		Case 4 (3/9, 1/3, 2/3)	
		49 pcs., 42"/40 yds. @ 27/4d. ..	66 19 4
			<hr/>
			£271 19 4
			3% 8 3 3
		(4 cases Nos. 1/4.)	<hr/>
			£263 16 1
		Cases 1/3. Case 4.	
		Gross Weight 4 . 0 . 4 3 . 3 . 23	
		Net Weight 3 . 1 24 3 . 1 . 23	

Forwarded to Birkenhead for shipment per s.s. *Gloucestershire* for Colombo, c/o W. H. & Co., Liverpool, on your account.

Payment Terms.

Cash on delivery (C.O.D.) means that payment must be made at the time the goods are handed over by the carrier.

Prompt cash means payment within a day or two (after delivery of the goods) without discount.

Net cash or **Ready cash** means payment within 10 days, without discount.

2½ per cent. for cash denotes 2½ per cent. will be deducted from the invoice amount if payment is made within 7 or 14 days in accordance with the terms quoted.

2½ per cent. one month means that a discount of 2½ per cent., or 6d. in the £, will be allowed on the cost of the goods if payment is made within one month from the date of delivery.

Three months net means that payment must be made within three months from date of delivery and that no discount will be allowed.

Payment by one month's draft denotes the payment of the invoice amount by means of a Bill of Exchange (B/E) at one month from date.

Prompt cash less four months means payment of goods delivered within a few days, less four months' interest at, say, 4 per cent. per annum.

Cash against documents means that the invoice amount is to be paid when the shipping documents (B/L and Insurance Policy) have been presented.

Documents against acceptance (D/A) means that the shipping documents are not to be handed over to the buyer until he has accepted the B/E drawn against the value of the goods.

Documents against payment (D/P) denotes that the buyer must pay the amount of the draft drawn against the goods before the shipping documents relating to the goods are handed to him.

Discount.

Discount is an allowance made upon the payment of a sum of money under certain conditions. If goods are bought of the value of £30 and the invoice states "5 per cent. in 30 days," the buyer, if he pays the invoice amount within 30 days from the date of the delivery of the goods, need only pay the seller the sum of £28 10s., thereby being allowed £1 10s. for discount.

There are two forms of commercial discount:—

(1) **Cash discount** is an allowance made on the prompt payment of a debt, or payment before the bill is due, or within a specified period, as stated above.

(2) **Trade discount** is an allowance made by wholesale merchants and manufacturers to retail dealers. It varies according to the custom of the trade from $2\frac{1}{2}$ per cent. upwards, and is irrespective of time. When the market price of copper is, say, £75 per ton, the wholesale merchant or manufacturer allows his retail dealers 15 per cent. trade discount. If the market price of copper drops, say, to £70 per ton, instead of altering his catalogue price of each copper article, he simply allows his retailers more cash discount, thereby saving himself much labour. Trade discount is always deducted from the price of goods as shown on the invoice, so that only the net amount is posted to the ledger.

Foreign Invoices.

A foreign invoice gives full particulars of a certain shipment goods. The following details are usually given:—

(a) The marks and numbers of the different packages or boxes as well as their contents and cost.

(b) The charges for shipping—cartage, carriage, freight, port dues, etc.—insurance and commission.

It is necessary that the invoice give a full account of the shipment without any essential omissions, as any incorrectness or omission may cause trouble not only between the supplier here and the consignee abroad, but also between the consignee and the foreign Customs authorities. In many cases, when goods are imported, the Customs officials require the invoice for such, and if it should happen that any discrepancy exists between the invoice submitted and the goods imported, a fine could be imposed on the importer, who would claim from the shipper of the goods in this country. Such invoices are generally made out in triplicate; one copy is attached to the bill of lading and sent to the receiver of the goods by the vessel taking the goods, another copy is sent to him by mail, while the third is retained.

Of course, most firms and export houses have their own types of invoices; but the following will exemplify in a general way the manner in which goods are invoiced and shipped from the chief ports of the United Kingdom.

The invoices used in the foreign trade take their names according to the conditions under which the goods are sold, and in order to make the various terms clear to the reader, the same shipment is taken throughout as an illustration.

(a) **Loco**—i.e., the first cost of the goods, the price at the place of manufacture or place of export. Any additional charges in connection with the shipment paid by the exporter on account of the buyer are specified and added to the invoice.

Example of Loco Invoice.

Paris.

1/120

TO MESSRS. SUSSFIELD & Co.,
PARIS.


Dr. to JOHN JAMES & Co.,
313, BROAD ST., BIRMINGHAM.

120 Bales Printing Paper,
6 tons @ £23—loco factory .. £138 0s. 0d.

Consignees would probably instruct the suppliers to send through their London agents, The Transport Co., Ltd. John James and Co. would instruct the Railway Co. to collect and forward to London to account of The Transport Co., Ltd. On the arrival of the goods in London, The Transport Co. Ltd., would be advised, and they would either instruct the Railway Co. to deliver to a certain wharf or collect by their own van.


(b) **F.O.R.**—Free on rail.—This price includes the cost of the goods and the cartage of them to the railway goods station. The above shipment, f.o.r. Birmingham, will be increased by 4s. per ton to cover cartage.

Example of F.O.R. Invoice.

	1/120	120 Bales Printing Paper, 6 tons @ £23 4s. 0d.—f.o.r. .. £139 4s. 0d.
Paris.		


(c) **F.A.S.**—Free alongside ship.—This price includes all charges, such as cartage, railway carriage, dock dues, lighterage, etc., incidental to the delivery of the goods alongside the ship.

Example of F.A.S. Invoice.

	1/120	120 Bales Printing Paper, 6 tons @ £25—f.a.s. .. £150 0s. 0d.
Paris.		This invoice would be claused at foot thus: The above amount includes carriage to f.a.s. amounting to £12 0s. 0d.

(d) **F.O.B.**—Free on board.—An f.o.b. price includes all additional charges, such as wharfage, incidental to the putting of the goods on board the ship. The f.a.s. invoice would be increased by London wharfage at 2s. 6d. per ton.

Example of F.O.B. Invoice.

	1/120	120 Bales Printing Paper, 6 tons @ £25 2s. 6d.—f.o.b. .. £150 15s. 0d.
Paris.		The above invoice includes cost of carriage to f.o.b. export steamer amounting to £12 15s. 0d.

(e) **C. and F.**—Cost and freight.—In this case the price covers all forwarding charges and freight to the port of destination. In the example the freight, London to Paris, is 26s. per ton. In addition there are incidental expenses, such as French Government stamp duties, viz.: Surtax per consignment, 7d.; statistic, 1½d. per bale, 15s.; bill of lading fee per consignment, 2s.; amounting to about 2s. 6d. per ton.

Example of C. and F. Invoice.

<div style="border: 1px solid black; width: 40px; height: 40px; margin: 0 auto; transform: rotate(45deg); display: flex; align-items: center; justify-content: center;"> <div style="transform: rotate(-45deg);">A.B.C.</div> </div> <div style="text-align: center; margin-top: 5px;">1/120</div> <div style="margin-top: 10px;">Paris.</div>	120 Bales Printing Paper,		
	6 tons @	£26 8 6	
	Incidentals	2 6	
		£26 11 0—c. and f.	£159 6s. 0d.
The above amount includes £21 6s. 0d., amount of carriage to Paris station. /			

(f) **C.I.F.**—Cost, Insurance and Freight (pronounced "siff").—This includes all charges to port of destination. Goods sold on c.i.f. terms are usually invoiced in the currency of the country to which they are shipped. It is usual to insure for 10 per cent. over value. Insurance on £200 at 2s. 6d. per cent. is 5s.

Example of C.I.F. Invoice.

<div style="border: 1px solid black; width: 40px; height: 40px; margin: 0 auto; transform: rotate(45deg); display: flex; align-items: center; justify-content: center;"> <div style="transform: rotate(-45deg);">A.B.C.</div> </div> <div style="text-align: center; margin-top: 5px;">1/120</div> <div style="margin-top: 10px;">Paris.</div>	120 Bales Printing Paper,	£	s.	d.
	6 tons @ £26 11s. 0d.	=	159	6 0
	Insurance on £200 @ 2s. 6d. per cent.	=		5 0
			£159	11 0
c.i.f. price is £26 11s. 10d. /				

(g) **Franco** (or "free" or "rendu").—This term includes all charges incurred—e.g., foreign import duty, cost of clearing at Customs and cartage on the other side up to the delivery of the goods at the consignee's warehouse. /

/ Example of "Franco Paris" Invoice.

<div style="display: inline-block; border: 1px solid black; width: 60px; height: 60px; transform: rotate(45deg); position: relative;"> <div style="position: absolute; top: 0; left: 0; width: 100%; height: 100%; background: white;"></div> <div style="position: absolute; top: 50%; left: 50%; transform: translate(-50%, -50%);">A.B.C.</div> </div> <div style="display: inline-block; vertical-align: middle; margin-left: 10px;">1/120</div>	120 Bales Printing Paper, 6 tons @ £26 8s. 6d.	£ s. d. = 158 11 0
		£ s. d.
	Incidental expenses ..	17 7
	Customs duty on gross weight 6096 kilos. @ 10 fr. per cent. = 610 fr.	24 8 0
	Cost of clearing the Cus- toms	16 0
	Delivery in Paris city limit at 4s. per ton ..	1 4 0
	Insurance on £200 @ 2s. 6d. per cent. ..	5 0
		27 10 7
		£186 1 7

Consequently the price, *franco* or free delivered, Paris, is £31 per ton.

Octroi or town duty is charged only on certain goods. *Regie* or State duty is charged on such commodities as wines and spirits.

An invoice should also show clearly any discounts, rebates, or allowances received and any commissions that may have been deducted by an agent.

The letters "E.E." (errors excepted) or "E. and O.E." (errors and omissions excepted) are also usually inserted at the foot of an invoice.

Pro Forma Invoice.

A *pro forma* invoice is sent to the consignee to acquaint him with the goods and their cost, and the charges made in connection with a certain consignment, so that he may ascertain the approximate total cost when it arrives at the place of sale. They are headed *pro forma*, because they are specimen invoices only.

The usual procedure, relating to all correspondence sent abroad, is to make triplicate copies of each—the original or top copy is forwarded to the buyer by the present mail; the second, marked "Copy," is sent by the next mail; and the third or bottom copy is filed in the office for reference.

A Sale Note is sent to Messrs. Dawood, Kareen and Co., care of J. R. A. Mohamed and Co., giving them particulars of the transaction completed.

Invoices are also sent to Messrs. J. R. A. Mohamed and Co., Colombo, with a covering letter.

12. Confirming Order to Buyer.

SALE.

ALLAN FORBES, LTD.,

... LONDON, E.C. 2.

22nd Sept., 1922.

MESSRS. DAWOOD, KAREEN & Co.,

c/o MESSRS. J. R. A. MOHAMED & Co.,

COLOMBO.

DEAR SIRs,

We have entered your order, No. , our order No. 1001.

10 cases each containing 50 pcs. = 500 pieces, White Shirtings, 42" x 40 yds., Quality ooooo, Reference 1001:

Shipment.—At once.

Price.—30/- per piece, C.I.F.C.

Drafts.—15 days D/P.

E. & O. E.

SALE.

ALLAN FORBES, LTD.,

LONDON, E.C. 2.

22nd Sept., 1922.

MESSRS. DAWOOD, KAREEN & Co.,

c/o MESSRS. J. R. A. MOHAMED & Co.,

COLOMBO.

DEAR SIRs,

We have entered your order No. , our order No. 1002.

4 cases each containing 50 pcs. = 200 pieces, White Shirtings, 42" x 40 yds., Quality vvvvv, Reference 1001.

Shipment.—At once.

Price.—30/- per piece, C.I.F.C.

Drafts.—15 days D/P.

E. & O. E.

13. Letter enclosing Original Invoices to Buyer.

ALLAN FORBES, LTD.,

LONDON.

6th October, 1922.

MESSRS. J. R. A. MOHAMED & Co.,
COLOMBO.

"Finance."

DEAR SIRs,

We enclose herewith original invoices for goods shipped per s.s. *Gloucestershire*; relative documents have been handed to "The Chartered Bank of India, Australia and China."

Invoice No. 1000.

Mark and Nos.



c/s 1/5.

Colombo.

5 cases White Shirtings, value £375.

Invoice No. 1001.

Mark and Nos.



c/s 6/10.

Colombo.

5 cases White Shirtings, value £378.

Invoice No. 1002.

Mark and Nos.



c/s 1/4.

Colombo.

4 cases White Shirtings, value £298 10s.

Yours faithfully,

FOR ALLAN FORBES, LTD.,
A. F. (Director).

14. Original Invoice No. 1.

1000.

Invoice of five Packages Goods shipped at Liverpool per s.s. " Gloucestershire" to Colombo.

*Bought to order at risk and for account of Messrs. Dawood, Kareen & Co.,
c/o Messrs. J. R. A. Mohamed & Co., Colombo.*

Drafts 15 days D/P.

Chartered Bank of India, Australia and China, Ltd.

Indent No. 1001.

Code Symbol 1000.



Colombo.

*5 cases (tin-lined) White Shirtings,
Quality 00000.*

c/s 1/5

Case 1:

50 pcs., 42" x 40 yds. @ 30/- pce.

Cases 2/5:

4 cases as above @ 30/- pce. ..

£	s.	d.	£	s.	d.
75	0	0			
300	0	0	375	0	0

Cases

Gross Weight 4.2.20

Net Weight 4.0.8

E. & O. E.

Made in England.

B/Ldg dated 29th September, 1922.

Insured for £424.

London, 3/10/22.

*For ALLAN FORBES, LTD.,
A. F. (Director).*

14. Original Invoice No. 2.

1001.

Invoice of five Packages Goods shipped at Liverpool per s.s. " Gloucester shire " to Colombo.

*Bought to order at risk and for account of Messrs. Dawood, Kareen & Co.,
c/o Messrs. J. R. A. Mohamed & Co., Colombo.*

Drafts 15 days D/P.

Chartered Bank of India, Australia and China, Ltd.

Indent No. 1001.

Code Symbol 1001.

D. K.
1001

Colombo.

5 cases (tin-lined) White Shirtings,
Quality ooooo.

c/s 6/10

Case 6:

50 pcs., 42" × 40 yds. @ 30/- pce.

Cases 7/9:

3 cases as above @ 30/- pce. ..

Case 10:

52 pcs., 42" × 40 yds. @ 30/- pce

£ s. d.

75 0 0

225 0 0

78 0 0

£ s. d.

378 0 0

Cases 6/9. Case 10.

Gross Weight 4.2.18 4.3.0

Net Weight 4.0.18 4.0.26

E. & O. E.

Made in England.

14. Original Invoice No. 3.

1002.

Invoice of four Packages Goods shipped at Liverpool per s.s. " Gloucester-shire " to Colombo.

Bought to order at risk and for account of Messrs. Dawood, Kareen & Co.,

c/o Messrs. J. R. A. Mohamed & Co., Colombo.

Drafts 15 days D/P.

Chartered Bank of India, Australia and China, Ltd.

Indent No. 1001.

Code Symbol 1002.

<div style="border: 1px solid black; padding: 5px; display: inline-block; transform: rotate(45deg); transform-origin: center;"> D. K. 1002 </div> Colombo.	4 cases (tin-lined) White Shirtings, Quality vvvvvv.	£	s.	d.	£	s.	d.
	c/s 1 1/4						
	Case 1:						
	50 pcs., 42" @ 40 yds. @ 30/- pce.	75	0	0			
	Cases 2/3:						
	2 cases as above @ 30/- pce. . .	150	0	0			
	Case 4:						
	49 pcs. as above @ 30/- pce. . .	73	10	0	298	10	0
	Cases 1/3						
	Gross Weight 4 . 0 . 4						
	Net Weight 3 . 1 . 24						
	Case 4						
	3 . 3 . 23						
	3 . 1 . 23						
	E. & O. E.						
	Made in England.						

B/Ldg dated 29th September, 1922.

Insured for £313.

London, 3/10/22.

FOR ALLAN FORBES, LTD.,
A. F. (Director).

15. Letter advising Shipment of Samples.

.....		ALLAN FORBES, LTD., LONDON, E.C. 2. 6th October, 1922.
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MESSRS J. R. A. MOHAMED & Co.,
 COLOMBO.

DEAR SIRs,

We give you below list of Shipment Samples posted by to-day's mail. The patterns sent are all that we have been able to obtain, as the goods were cased up months ago, and it was found impossible to have the cases opened and further samples taken. We trust the small number of shipment samples will not cause you any inconvenience.

SHIRTINGS, *per s.s. "Gloucestershire,"* 2 samples.

Mark and Nos.:



c/s 1/5, and c/s 6/10.

Colombo.

Yours faithfully,
 For ALLAN FORBES, LTD.,
 A. F. (*Director*).

When the orders are sent to the manufacturer, the particulars are entered in a book ruled as the following.

The merchant is thus able to see at a glance what his commitments are for each month. As the orders are completed, they are marked "completed" in the remarks column in red ink.


EXPORT AND IMPORT BUSINESS.

49

Order No.	Supplier.	Total Amount.	1922.					1923.					Remarks.	
			Oct.	Nov.	Dec.	Jan.	Feb.	March.	April.	May.	June.	July.		Aug.
1018	"A"	£ 190	£ 95	95										Completed. Ditto. Ditto.
1019	"A"	190	95											
1020	"A"	81	81											
	Total	461	271	190										
1021	"B"	483						161	161	161				
1022	"C"	1617		1617										Completed.
1023	"D"	912			456	456								Completed.
1024	"B"	490				245	245							January completed.
1025	"E"	590	590											Completed. Ditto. Ditto.
1026	"E"	365	365											
1027	"E"	300	150	150										
	Total	1255	1105	150										
1028	"F"	978		489		489								Completed. Ditto.
1029	"F"	1813		1813										
	Total	2791		489	1813	489								
1030	"G"	186			93	190	93	190						December completed.
1031	"G"	380												
	Total	566			93	190	93	190						
	Totals	8575	1376	2446	2362	1380	338	351	161	161				

17. Cheque sent to Manufacturer.

A cheque is drawn for £977 19s. 8d. It is crossed with the name of the Bankers—"The Lancashire and Yorkshire Banking Co., Ltd.," with the addition of the words: "to credit of payees only." This ensures that the Banker named will collect, and also that it will be credited only to the person to whom it is drawn.




	No. ^A 246192 G	LONDON, E.C. 2. 10th Oct., 1922.	2d. Ltd.
London County Westminster & Parr's Bank, Lothbury Branch.			
Pay Messrs. <i>Leight & Co.</i> or order			
nine hundred and seventy-seven pounds nineteen shillings			
and eight pence.			
£ 977 19 : 8 To credit of payees only.			
per pro. ALLAN FORBES, Ltd.			
A. F.			
(Director.)			
M.			

This cheque will require endorsement by the payees.

18. Specification for British and Irish Goods only.*

No. 29 (Sale.)

Port of *Liverpool*. Ship's Name: *Gloucestershire*.Master, for *Colombo*.Date of Final Clearance of Ship: *3rd Oct., 1922*.

Marks.	Numbers.	Number and Description of Packages.	Description of British and Irish Goods, in accordance with the requirements of the Official Export List.	Net Weights or Quantities.	Value † (f.o.b.).	Final Destination of the Goods.
 Colombo.	1001 1001	1 Case } 4 Cases }	White Shirtings	<i>Gwt. gr. lbs.</i> 4 0 8	£360	Colombo
	1001	5 Cases	Ditto	4 0 18	£360	Colombo.
	1002	4 Cases	Ditto	3 1 24	£269	Colombo
				Total Value	£989	

I declare that the particulars set forth above are correctly stated.

(Signed) *Allan Forbes, Ltd., Exporter, ‡*(Address) *London, E.C. 2.*Dated *29 Sept., 1922*.

(Countersigned)

(Officer of Customs.)

* The Specification of Goods exported must be delivered to the proper Officers of Customs within six days from the time of the final clearance of the ship, as required by the Customs Laws.

† The value, or free on board, value of goods, as shown on invoice.

‡ Address: Tax-payer or Agent, as the case may be.

CHAPTER VII.

FINANCE.

TERMS AND METHOD OF PAYMENT.	FOREIGN BILLS OF EXCHANGE.
BILLS OF LADING.	LETTER OF HYPOTHECATION.
INSURANCE POLICY.	DISSECTION OF SALES.

The Financing of the Export Trade.

It is by means of the Invoices, the Bills of Exchange, the Bills of Lading and the Insurance Policy—the documents as they are termed—that the foreign trade is financed.

The subjects of B/E, B/L and the Insurance Policy have been already dealt with somewhat exhaustively in “Modern Business Routine—The Import and Export Trade,” and it is now intended only to show the part these documents play in actual practice and in international finance.

Terms and Methods of Payment.

Before a manufacturer accepts an order from a merchant, an arrangement should be made regarding the terms of payment. Perhaps the manufacturer has not sufficient knowledge of the financial standing of his customer. He accordingly asks for references, especially if it is the first transaction, to whom he can apply, or he gets information respecting the credit of the firm from one of the inquiry agents. If the replies from these sources are not entirely satisfactory, he would be unwilling to part with the goods until he received some security, or until he had been paid in advance of their delivery. He would then make a stipulation that the order would be fulfilled, subject to “Cash against Documents” or “Cash against *pro forma* Invoice.” When the goods are ready to be delivered, the manufacturer would ask for a cheque against the delivery of the documents or against a *pro forma* Invoice, and when the cheque had been passed into the Bank and advice received that it had been cleared, he would then forward the documents and accept delivery instructions. In any case the merchant is paying cash in

advance, unless C.O.D. terms were quoted in fixing the price of the goods, and he should receive additional discount from the producers in consequence. If the reports state that his financial stability and business integrity are sound, he might be allowed credit terms of payment if he desires.

The exporting business is founded on a credit basis, particularly in some markets. Merchants of different countries are so eager to supply the foreign markets with their goods that they offer the native dealers attractive terms of credit. This system entails the laying-out of capital for a considerable time, at a lower rate of interest than he can usually get by turning the money over in his own business, and so the merchant, unless he has plenty of available capital, must receive credit from his suppliers. In this way the system of credit trading is passed on. If a merchant receives an indent from abroad and manages to book the order, it will be necessary to make arrangements regarding terms of payment.

He has not the same facilities for making inquiries regarding the financial standing and business integrity of his foreign customer as he has of a customer in the home trade. Then again, in the event of his foreign customer refusing to settle his account, or to accept his goods, many other difficulties and troubles arise, and consequently until trading relations have been thoroughly established he must adopt some plan of securing himself against any possible losses.

One of the chief safeguards is to mark the Bills of Exchange D/P—i.e., Documents against Payment—which indicates that the buyer cannot get possession of the goods in the dock warehouse until he pays the Bank, named on the drafts, for them.

The Bank, with their head office in London and a branch office in the town where the goods lie, can thus collect the money for the merchant.

Many large firms have their own branches in the large towns of the East, and consequently they are able better to watch their own interests.

Bills of Lading.

When the goods are placed on board and Bills of Lading have been made out for them and sent to the shipping company, the goods, as represented by the Bills of Lading,

are examined, and if in good order and condition, they are signed by the captain or other officer. It was agreed to pay the freight in advance, so a cheque for the amount of freight was handed to the shipping company in exchange for signed Bills of Lading. The freight to be paid is usually stated on the Bills of Lading, which are either endorsed "Freight Paid" or "Freight Forward," as the case may be. At least three Bills of Lading are made out, each being exactly like the other two, and each bearing a sixpenny impressed stamp.

When B/L are made out "to order," they require the endorsement of the shipper. If he endorses them by simply signing his name—*i.e.*, in blank—the goods are deliverable to the holder of the Bills, but if he endorses them to the order of a named assignee, it will be necessary for such assignee to endorse the Bills before the goods can be obtained; or if the Bills are made out to the order of an individual or a firm specified, they will require his or their endorsement.

The Bills of Lading in this case were made out to the merchant's order, and were then endorsed to the order of the collecting Bank.

Insurance Policy (Floating).

When a merchant is frequently shipping goods and does not know the date of shipment, the quantities and nature of goods, or the ships that will carry the goods, he should arrange with an Insurance Company for a policy to be issued for a large sum to cover a number of shipments. As the shipments are made, he will advise the Insurance Company, stating the value of the shipment, marks and numbers, nature of shipment, name of steamer, voyage, with particulars of required insurance.

An endorsement is made on the policy after each shipment, and thus the amount of the policy is gradually reduced.

1. *Letter enclosing Cover.*

THE "A" INSURANCE COMPANY, LTD.

(MARINE DEPARTMENT.)

<p>IN REPLY PLEASE GIVE REFERENCE D/GP.</p>

LONDON, E.C. 3.

16th Sept., 1922.

Departments :

Motor.
Fire.
Life.
Marine.
Employer's
Liability.
Burglary.
Personal
Accident.
Public
Liability.
Residential.
Driving
Accident.
Plate Glass.
Etc., etc., etc.

MESSRS. ALLAN FORBES, LTD.,
LONDON, E.C. 2.

DEAR SIRs,

We enclose herewith Cover for £30,000 for 6 months from to-day's date for your shipments to Rangoon and Colombo, which we trust you will find in order.

Upon receiving advice from you of the declarations to be made under this Cover, we will issue Policies for the same and send them to you promptly.

Yours faithfully,

X. Y. (*Underwriter*).

2. Open Cover.

All communications to be addressed to the Underwriters.

"A" INSURANCE COMPANY, LTD.

"B" INSURANCE COMPANY, LTD.

AND

"C" INSURANCE COMPANY, LTD.

(MARINE DEPARTMENT.)

CODES:

A.B.C. (5th Edition), SCOTTS.

LONDON, E.C. 3.

16th Sept., 1922.

Each Company severally liable

MESSRS. ALLAN FORBES, LTD.,

LONDON, E.C. 2.

DEAR SIRS,

In accordance with your instructions of the 15th inst., we confirm that you are held fully covered for

"A"	£10,000	} Part of £30,000.
"B"	£10,000	
"C"	£10,000	

on various interest as below per "Liners," or held covered with a limit of £7,500 any one bottom, from U.K. to Rangoon and Colombo.

Condition: Marine (as below) Theft and Pilferage.

Rates: (As below) less 10% (75% Cls.). Fire for 30 days after arrival of Steamers, and War. Shipowners' Liability at 2/6% additional (75% Clause).

We await your further instructions, when we shall have much pleasure in issuing policy.

Claims payable abroad.

This Cover to take all shipments for six months from the 16th September, 1922.

Yours faithfully,

X. Y. (*Underwriter*).

Voyage.	Goods.	W.A. Tin.	W.A. Bales & Cases (Oil).	F.P.A.	Trans- shipment.
U.K. to Rangoon	Cottons and Sundry Hardware	Per Cent. 7/6	Per Cent. 10/-	Per Cent. 6/-	2/6 A.P.
U.K. to Colombo	Cottons and Sundry Hardware	7/6	10/-	6/-	2/6 A.P.
U.K. to Rangoon	Window Glass	F.P.A.	includ- ing War	15/-	
U.K. to Colombo	Window Glass	F.P.A.	includ- ing War	15/-	

To include Breakage also, 10 guineas %.

Shipowners' Liability (75% Clause), 2/6% additional.

3. Letter giving Particulars of Shipment.


<p>.....</p> <p>.....</p> <p>.....</p>	<p>ALLAN FORBES, LTD.,</p> <p>LONDON, E.C. 2.</p> <p style="text-align: right;">29th Sept., 1922.</p>
--	---

G. 859.


MESSRS. THE "A" INSURANCE CO., LTD.,
MARINE DEPARTMENT,
LONDON, E.C. 3.

DEAR SIRS,

Referring to your letter of the 16th inst., reference D/GP., and your Policy for £30,000, we should be glad if you will let us have Insurance Policies in duplicate for the under-mentioned.

	Case 1.
Colombo.	

One case Thread per s.s. *Lancashire*, Liverpool to Colombo, £83, 10/-% w/a.

	Case 1.
Colombo.	

One case Thread per s.s. *Lancashire*, Liverpool to Colombo, £130, 10/-% w/a, also Shipowners' Liability at 2/6% additional.

Marine, War, Theft, Pilferage, and Fire for 30 days after arrival of steamer.

Yours faithfully,
FOR ALLAN FORBES, LTD.,
A. F. (*Director*).

4. *Letter acknowledging Receipt of Instructions.*

THE "A" INSURANCE COMPANY, LTD.

(MARINE DEPARTMENT.)

IN REPLY PLEASE GIVE REFERENCE A/GP.
--

LONDON, E.C. 3.

30th Sept., 1922.

*Reference G. 859.**Departments :*

Motor.
 Fire.
 Life.
 Marine.
 Employer's
 Liability.
 Burglary.
 Personal
 Accident.
 Public
 Liability.
 Residential.
 Driving
 Accident.
 Plate Glass.
 Etc., etc., etc.

MESSRS. ALLAN FORBES, LTD.,
 LONDON, E.C. 2.

DEAR SIRs,

Open Cover for £30,000.

In accordance with yours of the 29th inst., we
 are preparing two Policies as per the particulars set
 out therein, and same, together with debit notes, will
 be sent you in the course of a day or so.

Yours faithfully,

X. Y. (*Underwriter*).

It will be noticed that the cover takes all shipments for six months from date to the extent of £30,000, with a limit of £7,500, any one bottom. The ports of departure and destination are designated as U.K. to Rangoon and Colombo and the risk is expressly stated to include "risk from warehouse in U.K. and until delivered into consignee's warehouse." The policy insures also various interests per "liners," and when the "liner" is known the declarations are endorsed on the policies.

W. A. Tin.—This is a warranty that the Insurance Companies will hold themselves liable for any accidental loss or damage. When packing-cases have a lining of tin sheets, soldered together, the case is practically waterproof and the risk of damage by sea-water is reduced to a minimum. The rates of premium stand at 7s. 6d. per cent. If packed in bales and cases (oil), where the risk of damage by sea-water is not so reduced, the rate of premium is correspondingly higher.

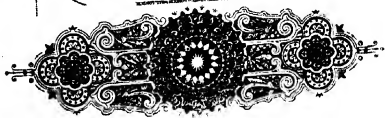
F.P.A. (Free of Particular Average) is a warranty that the Insurance Companies will not be held liable for any partial accidental loss or damage. There are many classes of goods that cannot be packed in waterproof cases, or even in bales, and consequently are more liable to damage from sea-water. They may be insured against all risks, but the rate of premium would be relatively increased.

Foreign Bills of Exchange.

The merchant, acting upon the instructions already given, now drew upon Messrs. Dawood, Kareen and Co., Colombo, at fifteen days after sight (15 d/s), for the amount of each invoice, in pounds sterling. The bills are drawn in a set of three for each amount—viz., £375, £378, and £298 10s., the first of each set only being stamped.

They are each drawn to the order of the collecting Bank—viz.: The Chartered Bank of India, Australia and China, Ltd., and a "case of need" is added at the foot. This addition signifies that should the draft not be honoured either on payment or acceptance, or both, Messrs. J. R. A. Mohamed and Co., Colombo, are to be applied to, in order that they may

BHP No 1 £ 375-0-0 3rd Oct. 1912
 1001 ^{1/5}
 Fifteen days after sight pay this First of Exchange
 (Second and Third unpaid) to the order of
 Chartered Bank of India, Australia & China Ltd, the sum of
 Three hundred & twenty five pounds Sterling payable at
 Colombo
 drawing rate for demand Drafts on London, with interest at 6 percent.
 per annum added thereto from date hereof to approximate due date of
 arrival of the remittance in London, value received.
 To Messrs Dawson & Lauer & Co., For Allen & Forbes Ltd,
 Colombo a. J. Director.
 "Care of need" Messrs J. R. A. Mohamed & Co.,
 Colombo.



D/P No. 1, L 375-0-0 3rd Oct. 1922
1000 1/5

Fifteen days after sight pay this Sum of Exchange
(First and Third) unpaid to the order of
Chartered Bank of India, Australia & China Ltd. the sum of
Three hundred & Seventy five pounds Sterling payable at
Colombo

drawing rate for demand Drafts on London with interest at 6 per cent.
per annum added thereto from date hereof to approximate due date of
arrival of the remittance in London: value received.

To Messrs Daboo Kumar & Co., For Allen Forbes Ltd.,
Colombo. A. F.

Care of Messrs, Messrs J. R. A. McKinnon & Co., Director
Colombo.



D/P No. 1, 1001 45 L 375-0-0 3rd Oct. 1922
 Fifteen days after sight pay this Third of Exchange
 (First and Second unpaid) to the order of
 Chartered Bank of India, Australia & China Ltd. the sum of
 Three hundred & Seventy five pounds Sterling payable at
 Colombo
 drawing rate for demand Drafts on London, with interest at 6 percent.
 per annum, added thereto from date hereof to approximate due date of
 arrival of the remittance in London, value received.
 For Messrs Dawson Kinn & Co. In all for Forbes Ltd.
 Colombo. A. F. Director.
 "Case of need," Messrs J.R.A. McKinnon & Co.,
 Colombo.



make a direct application to their correspondent concerning the irregularity, and thus save their own honour and avoid the considerable expense which would attend the return of the Bill through the intervening endorsers, and the serious inconvenience which might be caused to the makers of the Bills.

Stamping of Bills.

The stamp duty for every £100, and also for any fraction of £100, is 1s.

The following letter is sent to the Inland Revenue Department:—

ALLAN FORBES, LTD.,

LONDON, E.C. 2.

30th Sept., 1922.

C. 750.

INLAND REVENUE DEPARTMENT,

TELEGRAPH ST., E.C. 2.

DEAR SIRs,

We shall be glad if you will stamp for us the following Bills:

2 @ 4/- each and 1 @ 3/-.

Cash for 11/- is enclosed.

Yours faithfully,

FOR ALLAN FORBES, LTD.,

A. F. (*Director*).

On pp. 61-63 is the set of three Bills relating to the first invoice. The other two sets are identical with the first, except the difference in the number and amount, and are not shown.

The merchant then presented to the Bank for collection the three sets of Bills, attaching to each set its relative invoice, each signed and in triplicate; Bills of Lading, each endorsed and in triplicate; and the policy of insurance.

These are now termed "Documentary Bills."

These "Documents" were accompanied by a covering letter to the Bank as follows:—

5. *Letter to Bank enclosing Documents.*

ALLAN FORBES, LTD.,

LONDON, E.C. 2.

3rd Nov., 1922.

C. 931.

MESSRS. THE CHARTERED BANK OF
INDIA, AUSTRALIA AND CHINA, LTD.,
BISHOPSGATE ST., E.C.

DEAR SIRS,

We enclose herewith original and duplicate Invoices, Bills of Lading, Drafts and Insurance Policy, and shall be glad if you will send same out for collection.

Draft No. 1: £375 0 0 Mark



Colombo.

Cases 1/5, White Shirtings, per s.s. *Gloucestershire*.

Draft No. 2: £378 0 0 Mark



Colombo.

Cases 6/10, White Shirtings, per s.s. *Gloucestershire*.

Draft No. 3: £298 10 0 Mark



Colombo.

Four Cases, White Shirtings, per s.s. *Gloucestershire*.

Yours faithfully,

FOR ALLAN FORBES, LTD.,

A. F. (*Director*).

When an account is opened with the collecting Bank, it is usual to hand to them also a "Letter of Hypothecation." This authority—the duplicate of which is shown—may create a trust over the goods in favour of the lender, but no property in goods can be transferred by such a letter. It only gives the Bank the power to sell all or part of the goods, to recoup themselves against any charges or loss which may result in the event of any Bills being dishonoured either by non-acceptance, or non-payment at maturity, or any other default.

GENERAL LETTER OF HYPOTHECATION.

To the CHARTERED BANK OF INDIA, AUSTRALIA, AND CHINA.

1. As you may from time to time purchase, negotiate, or make advances, against Bills of Exchange drawn or accepted or endorsed by me/us with collateral securities, or make advances to me/us against shipping or other documents, it is agreed between us that the stipulations contained in this Memorandum shall apply to all such transactions.

2. I/we authorise you, or any of your Managers, or Agents (but not so as to make it imperative), to insure any goods forming the collateral security for any Bills of Exchange or advances from sea risk, including loss by capture, and also from loss by fire on shore, and to add the premiums and expenses of such insurances to the amount chargeable to me/us in respect of such Bills or advances, and also to sell any portion of such goods which you or your Manager or Agent may deem necessary for payment of freight, insurance, and expenses, and generally to take such measures and make such charges for commission, and be accountable as in ordinary cases between a Merchant and his Correspondent. And I/we consent to the goods being warehoused at any public or private wharf or warehouse selected by the Drawees or Acceptors of Bills, or by Consignees of goods, or by yourselves.

3. I/we hereby also authorise you, or any of your Managers or Agents, to take conditional acceptances to any Bills, to the effect that on payment thereof, the Documents handed to you as collateral security shall be delivered to the Drawees or Acceptors thereof, and such authorisation shall be taken to extend to cases of acceptance for honour.

4. I/we further authorise you, or any of your Managers, or Agents, on default being made in acceptance on presentation, or in payment at maturity, of any Bills, or in case of the Drawees or Acceptors suspending payment, becoming bankrupt, or taking steps towards entering into liquidation, or compromising or arranging with Creditors, during the currency of such Bills, whether accepted conditionally or absolutely, or in the case of an advance against shipping or other documents without Bills of Exchange attached thereto, upon my/our failure to pay the amounts advanced, together with all interest, commission, and other charges thereon, in accordance with the terms of the advance, to sell all, or any part of the goods forming the collateral security for the payment thereof at such times and in such manner as you may deem fit, and without notice to me/us or any other person or persons, and after deducting usual commission, charges, expenses, and all payments made by you under any of the powers hereof, together with such commission on any proceeds of such goods as is charged in ordinary cases between a Merchant and his Correspondent, to apply the net proceeds in payment of such Bills or advances, with interest thereon, and with re-exchange and charges where payable; the balance, if any, to be placed at your option against any other of my/our Bills, or any other debt or liability secured or otherwise, including Bills or advances current and subject thereto, to be accounted for to the proper parties. In case of loss of ship or goods insured at any time I/we authorise you to realise the policy or policies and charge the same commission and apply the proceeds in like manner as upon a sale of goods.

5. In case the net proceeds of such goods and/or policies shall be insufficient to pay the amount of any Bills or advances, with re-exchange and charges, I/we authorise you, or any of your Managers, or Agents, to draw on me/us for the deficiency, without prejudice nevertheless to any claim against any endorser or endorsers of the Bills; and I/we engage to honour such Drafts on presentation, it being understood that the Account

urrent rendered by you shall be acknowledged as sufficient proof of the amount due.

6. I/we further authorize you, or any of your Managers, or Agents, whether the aforesaid Power of Sale shall or shall not have arisen, at any time before the maturity of any Bill, to accept payment from the Drawees or Acceptors thereof, and on payment to deliver the Bills of Lading and shipping Documents to such Drawees or Acceptors; and, in that event, you are to allow a discount thereon, but in no case exceeding 5 per cent. per annum, for the time they may have to run as follows:

At $\frac{1}{2}$ per cent. per annum above the advertised rate of interest for short deposits allowed by the leading London Joint Stock Banks, if payable in Great Britain.

At the current minimum rate of discount of the National Banks of France, Italy, and Belgium, if payable in those countries.

At the current minimum market rate of discount for three months' bills, if payable in Germany.

At the current rate of rebate for Documentary Bills, if payable in Switzerland or the United States.

At the current rate of rebate allowed by the Local Exchange Banks, if payable at any place east of Suez.

7. In case the Drawees or Acceptors should wish to take delivery of any portion of the goods held as collateral security against Bills before maturity thereof, or in case the Consignees should wish to take delivery of any portion of the goods held as security against advances to me/us on shipping or other documents, you are authorised (but not so as to be binding on you), to make such partial deliveries on receiving payment of a proportionate part of such Bills or of such advances.

8. Your holding collateral securities shall not prejudice your rights on any Bills in case of dishonour, nor shall any recourse or proceedings taken on any Bills, or your giving time, or entering into any composition or arrangement, prejudice or affect your title to such securities or my/our liability to you. It is also agreed that you are not to be responsible for the default of any Warehouse-keeper, Broker, Auctioneer, or other Agent or person employed by you for any purpose in the ordinary course of business.

9. All the rights and authorities hereby given to you shall extend to and may be exercised by the holders for the time being of any Bills, and/or shipping or other documents.

10. The relations between us as established by this Letter of Hypothecation are subject to English Law.

11. This Letter of Hypothecation is to be retrospective in its action, and to apply to all current as well as all future transactions, and is to continue operative, notwithstanding any change in my/our firm, and shall bind the members of the firm for the time being as if a separate similar Memorandum were signed on the occasion of each transaction.

Dated Friday, this twenty-second day of September, One Thousand Nine Hundred and Twenty-two.

Witness to the Signature of—

ALLAN FORBES, LTD.,
LONDON, E.C. 2.

A. L. Heath *Witness.*
Buyer *Occupation.*
London, E.C. 2. *Address.*

FOR ALLAN FORBES, LTD.,

A. F.
(*Managing Director.*)

The Bank sent to their Colombo branch by the next mail the first Bill of Exchange, with one copy of the B/L, and one copy of Invoice, for each of the three lots. By the following mail the Bank forwarded the second set of documents for each of the three lots, and retained the third set at their London office. This sending out of two sets, each by different steamers, is to avoid any delay, as in the event of the first set not arriving, or being delayed until after the arrival of the second set, the second set can be substituted for the first at once.

The Chartered Bank of India agreed to pay the merchant at least 70 per cent. of the amount of the Bills he drew for the shipment, such payment to be made by cheque when the first set were despatched. Consequently a cheque was sent by the Bank for 70 per cent. of £1,051 10s.—viz., £736 1s.—leaving the balance to be settled on arrival of the remittance in London, or, as in other cases, upon receiving advice from their Colombo branch that the Bills had been duly met.

The amount that the Banks advance against a shipment varies, depending on the financial stability of the drawers, and the reputation of the foreign market.

The Bills were not due and payable until fifteen days after sight. They would be sighted in the ordinary way about October 24, and, allowing three days' grace, the date for payment would be about November 11. If the goods are in dock prior to this date, the buyer need not wait until November 11, but may obtain the goods earlier by retiring the Bills under rebate, and the Bank will allow him a rebate of interest from the date of payment to the date of maturity of the Bill.

When all the particulars of a shipment are to hand, and the documents are handed to the Bank, there now remains the task of entering each in a "Dissection of Sales" Book, under such a ruling as the following. This enables the merchant to see at a glance the details of expenditure and receipts for each shipment and the net profit made.

When the Bills are drawn, particulars, as on p. 70, are entered in the "Bill Book."

When the merchant receives advice from the collecting Bank that the Bills have been met and cash received in London, an indication is made against each Bill in the "Bill Book" in red ink.

EXPORT AND IMPORT BUSINESS.

69

Date.	Supplier.	Order No.	Marks and Nos.	Net Cost.	Freight and Postages.	Packing.	Insurance.	Bill Stamp.	Bank Charges & Discounting.	Total.	Net Selling Price.	Profit.	S.S.
				£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	
Nov. 21	"A"	1035	M K 046	72 13 1	2 4 3		0 8 3	0 1 0	0 17 6	76 4 1	78 14 10	2 10 9	Lancashire, 27 Nov., 1922.
Nov. 21	"A"	1036	M K 048	114 10 8	1 10 9		0 15 4	0 2 0	1 4 3	118 3 0	122 0 7	3 17 7	Ditto.
			Colombo.										
				187 3 9	3 15 0		1 3 7	0 3 0	2 1 9	194 7 1	200 15 5	6 8 4	
Nov. 25	"C"	1037 to 1039	A B 051 & Co. Colombo.	1509 13 0	Freight, Insurance, 90 17 9	Package, & Stamp.			16 0 0	1616 10 9	1753 5 9	136 15 0	Lancashire, 27 Nov., 1922.
Nov. 28	"B"	1043	M G 641	355 13 4						355 13 4	371 5 0	15 11 8	Gloucestershire, 19 Dec., 1922.
Nov. 28	"B"	1044	M G 642	358 10 3						358 10 3	374 4 5	15 14 2	Ditto
Nov. 28	"B"	1045	M G 643	263 16 1						263 16 1	295 10 3	31 14 2	Ditto
			Rangoon.	977 19 8						977 19 8	1040 19 8	63 0 0	

BILL BOOK.

No. of Bill.	When Accepted.	Drawer.	To whom Payable.	On whose Account.	Date of Bill.	Term.	When Due.	Amount of Bill.	Remarks.
1 1001-1/5		Self	Chartered Bank of India, Australia and China, Ltd.	Dawood, Kareem & Co., "Case of need," J. R. A. Mohamed & Co.	3rd Octo-ber, 1922	15 d/s		£ s. d. 375 0 0	s.s. Gloucestershire
2 1001-6/10		Ditto	Ditto	Ditto	Ditto	Ditto		378 0 0	Ditto
3 1002-1/4		Ditto	Ditto	Ditto	Ditto	Ditto		298 10 0	Ditto

CHAPTER VIII

**THE IMPORT TRADE—THE FUNCTIONS OF THE MARKET
—GOODS ON CONSIGNMENT—ACCOUNT SALES.****The Functions of the Market.**

IN the last chapter, it was explained that in the case of manufactured goods mainly, the modern function of the manufacturer is to produce the goods, and the merchant to distribute the manufacturer's wares through the bargaining system or direct selling, although in many instances the manufacturer sells his own output and does his own marketing. But in the case of what may be generally termed agricultural produce or minerals, these have usually a different organisation for their distribution through the agencies of markets or exchanges.

Probably owing to the specialisation of industry these markets or exchanges became specialised, and now there exists a special market for each special line of distribution—*e.g.*, cotton, wool, tea, grain, produce, skins, coal, iron, etc.—with no difference of importance in the organisation, but only in the nature of the commodity sold. These markets are exclusive in trading to the members concerned, who agree to abide by rules and regulations governing the purchase and sale of the commodity and the protection of their mutual interests.

Goods on Consignment.

The bulk of shipments abroad are against firm orders or indents, but at the same time there is a large trade carried on between merchants here and their customers or agents abroad, on what is termed the "on consignment" arrangement—that is, the goods are paid for only when they are sold. Many foreign and colonial houses stock large consignments on such a principle, in order to be prepared for a sudden rush of orders, and give their customers immediate delivery. As the goods are sold, the consignee (the party to whom the goods are sent) forwards remittances to the consignor from time to time in settlement.

Imports.

Having shown how goods are exported, it is now the object to illustrate how goods are imported, and in order to vary the nature of the goods shipped, an example will be taken to show how a foreign tea-grower, or the merchant to whom he has sold his produce, exports his tea to his London agent to be sold by public auction, and the usual routine incidental thereto.

Forty-five packages of tea, weighing 4,482 pounds, each package marked "Alpha" and numbered 1 to 45, are shipped per s.s. *Tern* for conveyance to London, to be sold for account of Alpha Estate by Messrs. Smith, Brown and Co., London.

The consignor values the tea at about £230, after all expenses will have been deducted.

He makes out an invoice on this valuation, and then proceeds to draw a set of Bills at thirty days upon his agents, Messrs. Smith, Brown and Co., London, for £230, and attaches to the Bills the invoice, bill of lading, and insurance policy. The bill of lading was marked "freight forward."

The consignor then deposits the "Document Bills" with his Banker, and his account is credited with the amount. The consignor, having now shipped the tea and sold his Bills to the Bank, forwards advice to his London agents, stating that he has drawn upon them for £230, and enclosing a copy of the invoice.

The first set of documents is then forwarded by the Bank to their London office for collection, and on arrival the Bill was presented to Smith, Brown and Co. for acceptance, who, when accepting, also indicated the date of acceptance. The Bill is now due and payable thirty days after this date, plus the usual three days' grace.

When the steamship *Tern* arrives at the docks, an entry is passed for the tea, by the agent, at the Customs—tea being a dutiable article.

He then proceeds to write a letter to the Bank, who hold the bill of lading, asking their permission to land and warehouse the tea, and giving particulars of the marks, numbers, and quantity of the shipment and the name of the dock where the tea lies.

This letter is handed to the wharfinger, who gets the Bank's endorsement of it, indicating their consent to the tea being landed. It will be noticed that the Bank still hold the bill of lading for the tea until the bill of exchange is met. Consequently until the B/L is released this endorsed Bank Letter is provisionally accepted by the shipbrokers in its stead, and when the agent pays them the freight, the tea is permitted to be warehoused—a guarantee being given that the tea will not be delivered from the warehouse or a warrant issued until the bill of lading is lodged with them. A policy of fire insurance was also effected by the agent.

Instructions are now given to the tea brokers to sell the tea by public sale, and enclosing an authority, called a Sampling Order, giving them permission to weigh the tea and take samples from each package.

A sale having been effected, contracts are given by the selling brokers to both the buyers and sellers. The buyer leaves a deposit at the time he makes his purchase, and pays the balance of the account on or before the prompt date.

As the tea is now sold and delivery is wanted, the agent will retire the bill of exchange, and receive the B/L and the insurance policy. He will lodge the B/L with the dock company, and the tea will be held to his order.

The selling broker also gives instructions to the dock company to make out a warrant and a weight note for the tea. ~~A warrant~~ A warrant is a document of title to the goods, and must be endorsed by the person to whom it is made out. The warrant is forwarded to the agent, who thus holds the title to the goods, and the weight note to the selling brokers, who forward it to the purchaser, after filling in his name. Now no delivery of goods can be made unless these two documents are produced together; so the buyer sends his cheque for the balance of the purchase money, along with the weight note, to the selling brokers, who forward this cheque and weight note to the agent, at the same time making an application for the relative warrant. The agent returns the weight note and its relative warrant, endorsed to the selling brokers, who pass them on to the buyer, who, after paying the duty, can obtain possession of the tea.

As the Bill was retired before its due date, and as the Bank had charged the consignor with interest up to its due date, the

74 HOW TO ORGANISE AND CONDUCT AN

London office of the Bank allowed a rebate of interest for the unexpired period of the Bill—i.e., the period from the date of retiring to the due date of the Bill.

Smith, Brown and Co. then make out an Account Sales as follows, showing the gross proceeds of the sale, and deducting all the charges and commission therefrom.

The net proceeds are handed to the London Bank and are then remitted to the foreign Bank, which makes the adjustment of accounts between themselves and their customer.

Account Sales of 45 packages Tea, ex s.s. *Tern*, sold for account of Alpha Estate by *Smith, Brown & Co.*

At Public Sale, 8 Oct., 1922.

Prompt, 15 Jan., 1923.

Marks and Nos.	Packages.		Description.	Weight per Lb.	Price per Lb.	Value.			Total Value.		
	No.					£	s.	d.	£	s.	d.
"Alpha"	1	CH.	Or. Pekoe ..	87	19d.	6	17	9			
	3	..	B. Or. Pekoe	326	17d.	23	1	10			
	21	..	Pekoe ..	1834	16d.	122	5	4			
	2	..	Bro Tea ..	272	15d.	17	0	0			
	18	..	Bro Pekoe..	1963	17½d.	141	1	10			
	45			4482					310	6	9
CHARGES.											
			Sale expenses				18	0			
			Brokerage, 1%			3	2	1			
			Freight charges, as per statements..			12	17	4			
			Warehouse charges, as per statements			6	12	4			
			Marine insurance, £350 at 10s. % and stamp			1	15	6			
			Interest on disbursements, £25 for 3 mos. at 5% per annum..				6	3			
			Commission, 1½%			4	13	1			
									30	4	7
									280	2	2

Net proceeds due 15 Jan., 1923.

E. & O. E.

London, 30 October, 1922.

SMITH, BROWN & Co.

CHAPTER IX.

HOW BANKS ASSIST TRADERS.**Current and Deposit Accounts.**

ONE of the main functions of a Bank, and one that brings the Bank into touch with a large number of customers, is to take money on deposit, either in current account or deposit account or both. The customer in opening an account at a Bank, and the Banker in accepting such a customer, incur certain rights and obligations with each other.

In the case of a receipt of deposits on *Current Account*, the customer acquires a right to draw money on demand by means of a cheque, and the Banker is under an obligation to meet it, subject to the non-existence of any irregularities incidental thereto, and that there is sufficient money deposited to pay it. The customer can also transfer his rights by drawing and negotiating cheques.

A customer makes a deposit by filling in the nature of the deposits and totalling them on a paying-slip, or in a paying-in book, and these deposits are entered by the Banker on the debit side of a Pass Book.

All withdrawals, either for himself or for others, are made by means of an official form, called a cheque, and are entered on the credit side of the Pass Book. This book is balanced periodically by the Bank, and the customer is able to see at once how his account stands.

In the case of a *Deposit Account*, the right of drawing cheques is not usually conferred. Interest is allowed on the money deposited, and a withdrawal of money can only take place after a stipulated notice has been given.

A customer can transfer a sum of money from his current account to his deposit account, and *vice versa*, by making arrangements with his Banker.

Granting Loans.

Another function of the Banker is to discount approved Bills of Exchange and Promissory Notes.

In this case a Banker gives a customer a right to demand

money at once, and he, the Banker, buys a right to demand money, due at a fixed future date. /The Banker charges the customer interest for the immediate use of the money, called Banker's Discount, which is the interest on the face value of the Bill for the unexpired period at a fixed rate per cent., for discounting such Bills/

For example, a customer holds a Bill for £1,000, accepted by "X," payable in sixty days, but he wants to realise the amount at once, so he discounts the Bill with his Banker, receiving £1,000, less Banker's Discount. The customer acquires a right for payment at once against his Banker, who obtains a right to receive payment in full from "X" when the Bill is due and payable.

Of course, in all transactions relative to the granting of loans to customers, the Banker must act cautiously. He will not wish to offend any good customer or any potential customer by a refusal to grant a loan; yet he cannot believe all the cock-and-bull stories he may be told by some. He will be guided by his experience in dealing with business men of all classes, which will give him an instinctive knowledge of the character of the applicant, and this, together with the reliable information he can gather concerning the parties and their activities, will assist him to arrive at a decision.

The Banker should see that the securities offered are as stated and in proper order, and if insurance is necessary, that the premiums are paid or will be paid. He should also examine very carefully the customer's rights to borrow the amount wanted. If the customer is a sole trader, using his own name or a firm's name, or if he be one of two or more partners in a firm, in these cases any arrangements to borrow can easily be made and rights and obligations enforced, but if the customer is a Joint Stock Co. it will be necessary to examine carefully its powers to borrow, and to see that the necessary formalities and duties are undertaken prior to any loan being granted.

Loans are made by Bankers on various kinds of Stock Exchange and marketable securities. One of the commonest forms of obtaining a loan is by means of securing an *overdraft* upon current account. To do this it is usual for the Banker to accept as deposit some form of security with which he is

satisfied, and he asks the borrower to sign a letter of deposit, thereby giving the Bank a lien on it.

Loan on Shares when Fully Paid.

The most favoured securities, and the simplest to be transferred, are Stock Exchange securities, which term covers certificates of shares in companies quoted on the Exchange; certificates of registered stock, government and otherwise; foreign and British bearer bonds; debentures.

The transfer of shares could be made in blank—i.e., the names of the transferees are not filled in—so that when the loan is repaid the deed can be destroyed. If the loan is not repaid, the Banker can then sell the shares and fill in the name of the buyer at once, or they could be transferred into the Bank's own name or into the name of its nominees. In the case of *Bearer Securities*, it is usual for the borrower to sign an agreement to the effect that, in consideration of the Bank granting a loan for a fixed time at an agreed rate of interest, the borrower will deposit bearer securities, and if he is unable to repay the loan when due, he gives the Bank the right to sell the bonds to repay the loan and other moneys then due.

Loan on Warrants and Delivery Orders.

Warrants and delivery orders can be lodged with a Bank as security for a loan, and the customer signs an agreement whereby, in consideration of the Bank granting a loan for a fixed time at an agreed rate of interest, he will undertake to pay the premiums of insurance, when the goods are insured either by himself or by the Bank, and all other charges. In the event of the market price of the goods declining in value, he undertakes to deposit other approved security, and if he is unable to redeem the loan when due for redemption, he gives the Bank the right to sell the goods to repay the loan and other moneys then due.

Loans on Insurance Policies.

When a loan is granted on an insurance policy, it is usual to assign the policy to the Bank, who registers the same with the Life Company.

Before concluding arrangements, the Banker will obtain from the insurance company particulars relating to the surrender value of the policy.

Loans on Mortgages and Freeholds.

This form of security is not readily marketable, and in the event of a forced sale the proper value might not be realised. It is usually insisted that the title deeds of mortgages and freeholds be deposited in the Bank under a Letter of Deposit.

All the necessary insurances should be paid by the borrower, and a receipt for the premiums paid, when due, should be produced for inspection.

Loans on Documents of Title to Goods.

In modern times, it has become one of the main functions of a Bank to lend money against goods; and the Banks have occupied much of their liquid assets to finance this part of their business. Warrants and delivery orders have already been mentioned as securities, held by the Bank, for a loan granted against goods deposited in a warehouse. These orders are signed by the Bank, authorising the wharfinger to deliver specified goods under his charge to the person named on the order. But the most important document of title for goods in transit is the Bill of Lading. This Bill, as in the case of similar securities, is deposited at the Bank under certain stipulations and retained by them until the money advanced against the shipment of goods, represented by the B/L, has been paid and the obligations fulfilled.

As has already been explained in a previous chapter, when a merchant ships goods abroad, he draws a set of Bills of Exchange, and makes out a set of Bills of Lading, invoices and a policy of marine insurance.

Modern Practice of Foreign Bill Discounters.

These documentary drafts he hands to his Banker, who sends them to his foreign branch or agent in the buyer's district. If the Bill be drawn, say sixty days after acceptance, the agent, on receipt of same, presents the Bill to the drawee

for acceptance. The Bill being accepted, and the sight date noted, the buyer can now get possession of the goods he has bought, and between the dates of acceptance and maturity of the Bill he hopes to sell the goods and with the proceeds meet the Bill at the due date of payment. The holder of the Bill usually discounts it, receiving an amount of money equal to the face value, less Banker's discount for the unexpired time. A Bill may be negotiated to settle accounts several times, each seller of the Bill endorsing it to his buyer, and the last buyer will present it for payment. The London Banks have taken a leading place among the Banks of the world in the practice of discounting Bills, not only the Bills for British and Colonial merchants, but for men of all nations, and it has become necessary for these Banks to keep available, for this purpose of discounting Bills, a large amount of liquid assets. In this way has sprung up a practice of financing foreign competitors, foreign loans, etc., with capital deposited chiefly by the business men of this country, and which does not benefit the home trader at all.

The Banking Institutions of this country are very conservative, and they will not change their long-established customs of Banking until they are assured positively that any change will not involve them in any financial loss, and that some definite profit will result therefrom.

The modern methods of trading, and the international competition in the world's markets, make it almost imperative to-day that the trader should be able to rely upon some legislative and financial support from his government and from his Banker. If the governments of other countries, with their large financial institutions, assist the traders to compete with those of other countries, the traders of this country should have similar assistance.

Foreign buyers in the past have given British goods some preference, although the price may be slightly higher than their competitors', because of the better quality, finish, make-up and style; the efficient and prompt delivery; and the honesty and integrity of the trader in carrying out his bargains, until it became a by-word amongst the nations that "the Englishman's word is his bond."

To what extent and in what manner can this support be extended has been a subject for discussion for some time.

The Government (1) by sympathetic legislation governing labour conditions, companies, trade marks, copyrights, patents, etc.; (2) by assisting the trader to overcome the difficulties which arise when foreign governments legislate in matters concerning their tariff and Customs regulations, local trading, shipping, banking, insurance, patents, trade marks, etc., to the detriment of the home trader; (3) by obtaining full and reliable information through their Consular service and disseminating such, quickly and privately, to the traders interested, can do much to assist the trader.

The Banks, through the ramification of their foreign branches and agencies, could ascertain how the home trader can compete in the overseas markets on at least equal terms with his foreign competitor. Such information as the following would be very instructive and useful: how the foreign Banks assist their own traders in granting them loans, how the various shipments are financed; the nature of the credit given to the native buyer; and to what extent the foreign governments assist their traders to compete in the market.

The Banks receiving such reports from each market could then examine their position, from a financial point of view, as it stands to-day, and see to what extent, with due caution, they, on behalf of the home trader, can meet this competition.

Whether the present activities of the Banks can be extended to assist the traders to compete in the overseas markets, and to import produce into this country; to finance contracts, patents, concessions, and other business undertakings; or whether a national Bank of Commerce could be established in London with branches in every industrial centre in this country and the chief foreign and colonial countries, are matters that cannot well be discussed in a book of this nature.

CHAPTER X.

HOW THE GOVERNMENT AND THE CHAMBERS OF COMMERCE ASSIST COMMERCE AND INDUSTRY.**The Department of Overseas Trade.**

HAVING no Ministry of Commerce, as have most other European countries, even of less importance, the Government have organised a branch of commercial activities, called the "Department of Overseas Trade." The functions of this Department are many and various—the main object being the promotion and development of our foreign trade. It is only possible here to give a brief résumé of the world-wide activities of this Department.

With its network of efficient and painstaking representatives throughout the world it is able at once to supply British traders and manufacturers with reliable information relating to trading possibilities in overseas markets. This information is usually available to callers at the offices of the Department. It is published in the *Board of Trade Journal*, and if of sufficient public interest is also supplied to the Press. Information of a confidential nature which the Department is anxious should only be seen by bona-fide British manufacturers is issued privately, either by means of Form "K" or a "Special Register" Service, who would be interested in it.

In this way the Department assists the individual trader:—

- (i.) By offering him a business opportunity;
- (ii.) By showing him the type of goods wanted in the particular market, the catalogues used, and the nature of the competition against him;
- (iii.) By indicating how he should market and distribute the goods;
- (iv.) By informing him of the credit conditions that exist, the terms of payment allowed, and all matters incidental to the Customs, Transport, and Shipping.

The Department also organises "Trade Fairs," where the manufacturers of this country, by tastefully displaying their goods, can attract the buyers of large foreign firms, and thus have an opportunity, by their skill in salesmanship and showing exactly what the buyer wants, of increasing their customers.

Export Credits.

Traders and others who want to obtain facilities from their Bankers to enable them to finance their export trade should make an application to the Government, who are prepared under certain conditions to entertain proposals, guaranteeing drafts drawn against shipments of goods exported from the United Kingdom.

How Chambers of Commerce and the Government assist Commerce.

It is wise for a merchant to become a member of a Chamber of Commerce, a body which stands for and furthers the collective interests of men of business. Englishmen with their strong leaning to individualism are apt to neglect co-operation and collective action, but without them it is not easy to alter unfavourable conditions or prevent the framing and enacting of harsh regulations. Like most English institutions, our Chambers of Commerce are voluntary organisations; not, as in most foreign countries, subsidised by State or Municipality. They thus have complete independence of action, and are free to represent, with single purpose, the interests of the business community.

Chambers of Commerce exist in all the important commercial and manufacturing cities in the British Isles, in our Colonies, in Europe and the more distant Continents. Foreign Chambers of Commerce exist in London, and British Chambers of Commerce abroad. It is clear, then, that membership of a Chamber of Commerce is not only a national, but a colonial and international link, bringing a man into closer contact with national, imperial, and international issues, political and commercial, for the former are as often as not connected with the latter.

Chambers of Commerce were formed in Scotland and in the provinces long before one was established in London. The Edinburgh Chamber of Commerce was the first one to petition for the abolition of the Corn Laws, while the Manchester Chamber had much influence in the Free Trade movement. In many provincial towns the Chamber of Commerce is a wealthy and influential body possessing, like some of the Continental Chambers of Commerce, Sample Rooms, and appreciably furthering the cause of Higher Commercial Education. The Birmingham Chamber of Commerce has undertaken the organising of the section of the great British Industries Fair, which is to be held in their city simultaneously with that in London.

The London Chamber of Commerce was formed later (1881) than those in the provinces, probably because the needs of many sections of business were met by other organisations, including the many Exchanges. Once founded, however, it grew rapidly, and has now a membership of over seven thousand. Its views are sought in matters affecting commerce, and it sends representatives to most committees which deal with commercial matters of any importance.

The President is a prominent business man, and on its Council there serve, beside the elected members, the chairmen of some sixty Trade Sections, representing the chief London trades.

Part of the work of these Trade Sections, in the promotion of the well-being of their industry, is to resist any adverse legislation and to co-operate in the voluntary settlement of trade questions. An instance of this is to be found in the fact that the Trade Marks Section began the movement for new legislation on the subject of Trade Marks.

Important work is done by the Standing Committees of the Chamber of Commerce; the nine committees include the Arbitration, Direct Taxation, London Telephone and Telegraph (Advisory to the Postmaster-General), the Merchants', National Defences, Parliamentary and Commercial Law, Post and Telegraph (for postal questions generally), and Transportation. Through these Committees the Chamber has urged the curtailment of national expenditure and the reduction of the taxes which press too heavily on commerce; has protested against the increased telephone

rates and the maintenance of the heavy postal and telegraph rates; has tried to effect modification in railway rates; has tried to keep down the increases in Water Board Charges; has (through the Merchants' Committee) made constructive suggestions leading to an improved Government Export Credits Scheme; and has passed a resolution in favour of the new rules made by the International Law Association with regard to Bills of Lading, as a basis for defining the respective liabilities of shipowners and merchants. The members of the Standing Committee on Arbitration are elected half by the Chamber of Commerce, and half by the Corporation of London, which acts jointly with the Chamber in an important branch of its work, viz.—Arbitration, a mode of settlement of disputes which has come to be favoured especially during the war. In commerce, there arise many disputes which would take disproportionate time and money to settle by litigation. These can be dealt with effectively and promptly by arbitrators who are experts in that particular matter. It is customary in trading with foreign countries—especially distant ones—to make provision in the contract for arbitration by a Chamber of Commerce in any cases where it may be necessary, as, for instance, in the case of goods damaged by water, or goods not up to sample standard.

An important function of a Chamber of Commerce is to collect and supply commercial information from all sources, and many Chambers—especially Continental ones—have, in addition to their Statistical Bureau, a Commercial Museum, displaying full ranges of goods supplied by various manufacturers to the world's markets. In London, such a museum is rendered less necessary than elsewhere by the periodical Industries Fairs; but the London Chamber of Commerce has a Statistical and Information Department and Reference Library. Here may be seen the files of hundreds of trade journals, including *Official Trade Returns*, *British Consular Reports*, *Board of Trade Journal* and *The Economist*, Trade Directories and Telegraph Codes.

Information may here be obtained on almost anything connected with trading—e.g., the tariffs of various countries; the application of the Merchandise and Trade Marks Act; regulations affecting commercial travellers; names of solicitors

and agents, foreign and colonial; names of manufacturers of commercial articles and statements of trade in particular countries. This department also issues Certificates of Origin, Commercial Travellers', and other Certificates (over 26,000 being issued in 1922).

Information which is of commercial interest is given by means of lectures and a weekly journal, and discussions take place at various conferences.

International Chamber of Commerce Congresses are held, which tend to promote good overseas and international relations.

The Chamber of Commerce, although not State-aided, co-operates with the Government in its schemes for promoting trade. It has supported the British Empire Exhibition scheme by subscribing through its members over half of the large Guarantee Fund (to be used in the event of a deficit). The Chamber has a representative on the Board of Trade Advisory Committee on Export Credits, and twenty London Chamber of Commerce Council Members serve upon the London Telephone and Telegraph Committee (Advisory to the Postmaster-General).

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